

## FINANCE.

There has been a marked improvement of late years in the finances <sup>State</sup> of the State of Victoria, and, in addition to the ordinary expenditure, large sums out of ordinary revenue have been devoted to paying off liabilities of former years, and to the formation of Sinking Funds to meet outstanding loans as follow. After these payments there were still substantial surpluses, applied specially to public works at the end of each of the last three financial years. <sup>finance.</sup>

## ORDINARY REVENUE APPROPRIATED.

Year ended 30th June.	In reduction of the accumulated revenue deficiency of former years.	In redemption of loan raised in anticipation of revenue (Act No. 1451.)	In formation of Redemption Funds to meet outstanding loans.*	Total
	£	£		£
1904 ... ..	175,000	25,000	57,500	257,500
1905 ... ..	172,000	25,000	97,962	294,962
1906 ... ..	550,000	25,000	97,936	672,936
Totals (3 years)	897,000	75,000	253,398	1,225,398

\* These Redemption Funds have sources of income beside these amounts. Full particulars of the funds will be found on pages 146 to 148 of this work.

The following table shows the receipts and expenditure from <sup>State</sup> general revenue during the year ended 30th June, 1906. On 1st July, <sup>revenue</sup> 1905, the total revenue deficiency was £2,009,119 12s. 5d.; and in <sup>and expen-</sup> the course of the year this amount was reduced by £550,000, leaving <sup>diture.</sup> the accumulated revenue deficiency at the end of the financial year 3633.

1905-6 £1,459,119 12s. 5d., the whole of this amount being covered by advances from the trust funds.

## REVENUE AND EXPENDITURE, 1905-6.

Revenue.	Amount.			Expenditure.	Amount.		
	£	s.	d.		£	s.	d.
Excise and Inland	784,007	10	0	Consolidated Revenue deficiency, 30/6/05	2,009,119	12	5
Territorial ...	289,002	7	0	Special Appropriations	2,797,828	1	11
Public Works ...	3,936,435	6	1	Chief Secretary ...	672,572	4	10
Ports and Harbors	80,845	9	7	Minister of Public Instruction	617,548	10	11
Fees ...	288,436	10	0	Attorney-General	75,483	14	7
Fines ...	8,943	13	2	Solicitor-General ...	59,685	2	0
Mallee Land Account	41,735	9	5	Treasurer	288,686	15	3
Miscellaneous ...	384,950	9	1	Commissioner of Crown Lands and Survey	97,006	8	7
Commonwealth balances returned	2,097,118	16	9	Commissioner of Public Works	189,215	16	8
Consolidated Revenue deficiency 30/6/06	1,459,119	12	5	Minister of Mines	64,175	7	2
				Minister of Water Supply	43,573	7	0
				Minister of Agriculture	79,288	12	5
				Minister of Health	21,001	18	10
				Minister of Railways	2,038,103	8	1
				Mallee Land Account	41,735	9	5
				Surplus Revenue transferred to Trust Fund for Works	175,570	13	5
Total ...	9,270	595	3 6	Total ..	9,270,595	3	6

The following is a return of the revenue and expenditure of Victoria for the seven years 1900-1906:—

STATE REVENUE AND EXPENDITURE: RETURN FOR SEVEN YEARS.

Year ended 30th June.	Revenue.	Expenditure.
	£	£
1900	7,453,355	7,285,636
1901	7,712,099	7,672,780
1902	6,997,792	7,398,832
1903	6,954,619	6,759,960
1904	7,319,949	7,339,608
1905	7,515,742	7,343,742
1906	7,811,475	7,261,475

NOTE.—The differences between the revenue and expenditure shown above and the revenue and expenditure given in the Treasurer's Finance Statement arise from the use of a different method of classification for statistical purposes. Those for 1905-6 are as follow:—

	Revenue.	Expenditure.
	£	£
Total according to Treasurer's Finance Statement ...	7,803,916	7,128,345
<i>Add—</i>		
Mallee Land Account—appropriated to Loan Redemption purposes ...	41,735	41,735
Surplus Revenue—set aside for Railway Works, State School Buildings, &c. ...	...	175,571
<i>Deduct—</i>		
Transfers from Loan proceeds ...	34,176	34,176
Redemption of Treasury Bonds in aid of Revenue, Act No. 1795 ...	...	50,000
Total ...	7,811,475	7,261,475

If the total Commonwealth revenue and expenditure credited or debited to Victoria be taken into account in connexion with the above figures, the revenue for 1906 would amount to £8,999,240, and the expenditure to £8,459,857, an increase over 1900, the year before federation, of £1,545,885 in the revenue, and £1,174,221 in the expenditure. The increase in revenue is due chiefly to Excise duties, £256,980; Posts and Telegraphs, £149,502; Probate duties, £202,150; Income tax, £103,064; and Railways, £770,632; that in expenditure to the introduction of Old-age pensions, £189,094, and the transfer of surplus revenue for public works, £175,571; Posts and Telegraphs, £152,683; Defences, £102,062; Commonwealth "New" expenditure, £153,032; Railways, £231,864; and redemption of loans, £87,619.

There was, on the transactions of the year, a surplus of £725,571, which was applied as follows:—£550,000 in reduction of the revenue deficiency of former years, and £175,571 for the purposes of the public works specified in the Surplus Revenue Act No. 2029.

Heads of  
State  
revenue.

The sources of revenue may be grouped under three headings—(1) taxation, (2) public works, and (3) other sources. Customs and Excise (under taxation), and Posts and Telegraphs (under public works) were transferred to the Federal Government in 1900-1, and the net revenues from these departments are now included under the head of "Federal Government." Land revenue, which averaged £376,000 yearly, is included under "other sources." The amounts received during the last five financial years were as follow:—

#### HEADS OF REVENUE: RETURN FOR FIVE YEARS.

Heads of Revenue.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
	£	£	£	£	£
Federal Government...	1,920,974	2,105,450	2,002,804	2,017,378	2,097,119
State Taxation—					
Probate and Succession Duties	217,796	161,636	308,531	265,876	328,628
Income Tax ...	220,629	415,048	311,147	316,943	318,135
Other ...	379,849	373,499	392,441	396,210	429,172
Public Works and Services—					
Railways ...	3,362,030	3,033,596	3,400,243	3,609,120	3,779,153
Other ...	203,393	181,172	199,072	190,306	212,174
Other Sources ...	693,121	684,218	705,711	719,909	647,094
Total ...	6,997,792	6,954,619	7,319,949	7,515,742	7,811,475
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Per Head of Population	5 15 9	5 15 5	6 1 1	6 4 2	6 8 2

The amount returned to the State by the Federal Government—£1,920,974 for 1901-2, £2,105,450 for 1902-3, £2,002,804 for 1903-4, £2,017,378 for 1904-5, and £2,097,119 for 1905-6—is that collected by transferred departments, less the amount deducted by the Federal Government under Section 89 of the "Commonwealth of Australia Constitution Act." For 1905-6 the Federal Government received £2,537,070 from Customs and Excise; £735,563 from Posts and Telegraphs; and £12,251 from other sources; and paid over to the State Government £2,097,119.

The revenue of the Railway Department continues to display a considerable advance upon all previous years, that for 1905-6 exceeding the revenue of 1904-5 by £170,033 and of 1901-2 by £417,123.

#### INCOME TAX.

Income tax.

An income tax was first imposed in Victoria in 1895, for a period of three years, expiring in 1898, but it has been from time to time extended ever since. The Act is administered by a Commissioner, who, together with his officers, are bound by oath to secrecy. Incomes

assessed for tax in any year are those earned, derived, or received in Victoria in the preceding calendar year, and are divided into two classes, viz.: — Incomes (1) from personal exertion, and (2) from property. The former consists of earnings, salaries, wages, allowances, pensions, &c., or stipends earned in or derived from Victoria, and all incomes arising or accruing from any profession, business, trade, or occupation carried on in Victoria; and the latter of all other income. This is the gross income, and the net income is ascertained by making certain deductions, the principal of which are losses and outgoings incurred in the production of the income, all taxes other than Income tax payable under any Act of the Victorian Parliament, life assurance premiums not exceeding £50, and calls or contributions actually paid into any reconstructed company whose shares are of no marketable value. By the original Act, incomes of certain public, local, religious, provident, &c., bodies or societies are exempt from taxation, also the official salary of the Governor, and the incomes of mutual life offices with head offices in Australia, fire, fidelity, &c., insurance companies taking out licences under the "Stamps Act," limited to income from that class of business; and income of non-residents of Victoria from stock debentures or bonds of the Victorian Government or of any public or municipal trust or body. An exemption to the extent of £200 was allowed, except in the case of absentees. The rate of tax is fixed annually by an "Income Tax Rate Act," and from 1895 to 1902 both inclusive was 4d. in the £1 on the first £1,200 of the taxable amount (allowing for £200 exemption), 6d. on the next £1,000, and 8d. on all over £2,200 on income from personal exertion, and double these rates on income from property. The rate of tax for 1903, based on the incomes of the previous year, was fixed by Act No. 1819, as follows:—(a) Personal exertion—Net incomes up to £125 exempt; from £126 to £500, 4d. (with £100 exemption); over £500, 4d. on first £500 (no exemption), 1d. extra on every £500 or portion thereof up to £2,000; and 8d. on all over £2,000. (b) Property—Double these rates. This Amending Act also made companies taxable as persons, except mining companies, the shareholders of which included in their returns the dividends received. Special provision was also made for the assessment and taxation of life, fire, fidelity, and guarantee assurance and insurance companies. Life assurance companies paid a uniform rate of 1s. in the £1. The rates for the year 1904, based on the incomes of 1903, were altered by Act No. 1863, which did not alter the exemption, but raised the minimum taxable from £126 to £151. The following are the rates under this Act:—Incomes from personal exertion—3d. for every £1 of the taxable amount up to £300; thence up to £800, 4d.; thence to £1,300, 5d.; thence to £1,800, 6d.; and over £1,800, 7d. Life assurance companies, 1s. in the £1. Incomes from property—Double these rates. The rates for the year 1905, based on the incomes of 1904, were again altered by Act No. 1938, as follow:—Incomes from personal exertion are taxed 3d. for every £1 of the taxable amount up to £500; thence up to £1,000, 4d.; thence to

£1,500, 5d.; over £1,500, 6d. Taxes on income from property are double these rates. The minimum amount taxable is £157, the exemption being £100 on incomes from £157 to £500, no exemption being made for companies. The tax on the income of life assurance companies is 8d.; that for other companies liable to tax, 7d. for every £1 of the taxable amount. Interest on Government stock, bonds, and debentures held by residents was exempted as in the case of non-residents, and the exemption of mining companies repealed. The taxable amount of the income of a mining company is the total amount of the dividends declared during the year. The exemption of the profits from trade of provident societies and other associations was also repealed. The rates for 1906 are the same as those for 1905. The following is a statement of the assessments, taxpayers, taxable income, and tax payable from personal exertion and property during the last five years:—

## INCOME TAX: RETURN FOR FIVE YEARS.

—	1902.	1903.	1904.	1905.	1906.
Number of Assessments:					
Personal exertion ..	22,901	61,635	43,361	40,528	39,753
Property ... ..	17,577	12,757	8,916	8,237	8,348
Total ... ..	40,478	74,392	52,277	48,765	48,101
Distinct taxpayers ...	39,215	67,812	48,266	44,956	44,262
Taxable Income—	£	£	£	£	£
Personal exertion ...	6,261,800	10,006,700	11,724,100	13,072,600	12,709,857
Property ... ..	2,325,000	3,930,400	3,118,534	2,890,500	2,929,544
Total ... ..	8,586,800	13,937,100	14,842,634	15,963,100	15,639,401
Tax Payable—	£	£	£	£	£
Personal exertion ...	123,609	211,870	199,718	230,737	223,686
Property ... ..	91,494	194,850	112,930	89,890	90,618
Total ... ..	215,103	406,720	312,648	320,627	314,304
Per taxpayer ... ..	£ s. d. 5 9 8	£ s. d. 6 0 0	£ s. d. 6 9 11	£ s. d. 7 2 8	£ s. d. 7 2 0
Average Tax payable in the £ on Taxable In- comes derived from—	d.	d.	d.	d.	d.
Personal exertion ...	4·74	5·08	4·09	4·24	4·22
Property ... ..	9·45	11·90	8·69	7·46	7·42

The effect of the Acts passed each year was that during the five years under review the number of assessments was increased from 40,478 in 1902 to 48,101 in 1906, the latter figures including 1,045 assessments of companies. Of the total increase, 16,852 were from personal exertion; but there was a decrease of 9,229 from property. From 1898 to 1902, under the authority of the Income

Tax Act in operation during that period, there were between 6,000 and 7,000 non-resident persons assessed in small amounts in respect of dividends paid to them. The reduction in the number of assessments on property since 1902 is principally due to the fact that such small incomes were not taxable after that time. The taxpayers have increased by 5,047 since 1902; the number in 1906 being 44,262. The taxable income from personal exertion increased from £6,261,800 in 1902 to £12,709,857 in 1906; and that from property, in the years given, from £2,325,000 to £2,929,544. The total increase in the taxable income was £7,052,601. The exemptions allowed amounted to £6,485,000 in 1902, and to £3,947,000 in 1906. The amount of tax payable increased from £123,609 in 1902 to £223,686 in 1906 on incomes from personal exertion; but decreased from £91,494 to £90,618 in the case of incomes from property—a net increase of £99,201.

Notwithstanding the fact that by adopting a lower taxable income, a large number of smaller taxpayers were included in the figures for 1903, 1904, 1905, and 1906, yet by alteration of rates and exemptions and by the taxation of companies as individuals, the average amount per taxpayer in each of those years shows an increase over previous years, and in 1906 the amount reached £7 2s.

The average tax payable in the pound was highest in 1903, both on taxable incomes derived from personal exertion (5d.) and from property (nearly 1s.). The highest previous rates were under 5d. and 9½d., and in 1906 the rates were 4½d. and 7½d. The following return shows particulars of rates of taxation, assessments, taxable incomes, and taxes payable in the respective groups for which different rates of taxation are charged:—

#### INCOME TAX ASSESSMENTS, 1906—BASED ON INCOMES OF 1905.

Taxable Income.	Rate of Tax in £ on Incomes derived from		Number of Assessments.		Taxable Income from		Tax Payable on	
	Personal Exertion.	Property.	Personal Exertion.	Property.	Personal Exertion.	Property.	Personal Exertion.	Property.
Up to £500 ...	d. 3	d. 6	34,822	6,936	£ 5,086,688	£ 951,817	£ 64,666	£ 23,873
£500 to £1,000 ...	4	8	3,217	924	2,198,710	628,393	31,199	17,147
£1,000 to £1,500 ...	5	10	776	210	940,695	256,495	15,728	8,013
Over £1,500 ...	6	12	938	278	4,483,764	1,092,839	112,093	41,585
Total ...	...	...	39,753	8,348	12,709,857	2,929,544	223,686	90,618

It is here shown that the taxable income from personal exertion amounts to £12,709,857, and that from property to £2,929,544, after allowing for exemptions of £3,947,000. The total net incomes

of those who paid income tax, during 1905-6, amounted to over nineteen and a half millions sterling, or an average of £442 for each taxpayer. The averages of the three previous years were, 1902-3 £295, 1903-4 £394, and 1904-5 £444.

Occupations  
of Income  
Taxpayers.

In the succeeding tables the occupations of income taxpayers are exhibited, the summary table immediately following showing the percentage of each class paying the tax, and the proportion contributed thereto.

### OCCUPATIONS OF INCOME TAXPAYERS SUMMARIZED, 1906.

Occupations in Classes.	Number of Taxpayers.			Amount of Tax.					
	Total.	Percentage of Taxpayers.	Percentage of each class in Population.	Personal Exertion.	Property.	Total.	Percentage of Total.	Average to each Tax- payer.	
				£	£	£		£	s. d.
1. Professional	7,549	17.06	21.43	25,326	4,041	29,367	9.34	3	17 9
2. Domestic ...	1,446	3.27	2.16	4,215	705	4,920	1.57	3	8 0
3. Commercial	11,844	26.76	14.98	54,113	7,528	61,641	19.61	5	4 1
4. Transport ...	1,939	4.38	6.15	4,175	373	4,548	1.45	2	6 10
5. Industrial ...	7,066	15.96	4.83	26,553	2,716	29,269	9.31	4	2 10
6. Primary pro- ducers ...	8,211	18.55	4.97	35,852	8,830	44,682	14.22	5	8 10
7. Indefinite ...	5,256	11.87	52.22	5,420	52,038	57,458	18.28	10	18 7
8. Companies...	951	2.15	...	68,032	14,387	82,419	26.22	86	13 3
Total ...	44,262	100.00	...	223,686	90,618	314,304	100.00	7	2 0

An examination of this table reveals the relative wealth of the various classes. Thus the commercial class, which forms nearly 27 per cent. of the taxpayers, has the proportion of only 15 per cent. of the total bread-winners in the population, whilst primary producers, which include those following agricultural, pastoral, and mining pursuits, make up 18½ per cent. of the taxpayers, but 31 per cent. of the bread-winners; the next great class—the industrial—contributes 16 per cent. to the taxpayers, and forms 27 per cent. of the bread-winners; whilst the professional class, contributing 17 per cent. to the taxpayers, forms only 7 per cent. of the bread-winners. Of the definite classes, that contributing the highest percentage of taxpayers in proportion to its number in the population is the professional, with 21½ per cent.; the commercial coming next, with 15 per cent.; and those engaged in transport come third with 6 and the domestic last with 2½ per cent. Of the amount paid as tax, companies yielded 26 per cent. of the total; whilst the indefinite class, forming 12 per cent. of the taxpayers, yielded 18 per cent. of the tax. The commercial class, forming 27 per cent. of the taxpayers, gave 19½ per cent. of the tax; primary producers, forming 18½ per cent. of the taxpayers, gave 14 per cent. of the tax; the industrial and professional classes, forming 16 and 17 per cent. respectively of the taxpayers, each gave 9 per cent. of the tax.



In the succeeding table the sources of the incomes of taxpayers for all the principal occupations are dealt with under the heads of personal exertion and property.

SOURCES OF INCOMES AND OCCUPATIONS OF TAXPAYERS, 1906.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	Personal Exertion.	Property.	Personal Exertion and Property combined.	Total.	Personal Exertion.	Property.	Total.	Average to each Taxpayer.
<b>1 Professional.</b>					£	£	£	£ s. d.
Civil Servants	1,210	...	63	1,273	3,543	230	3,773	2 19 3
Clergymen ...	699	1	34	734	1,626	72	1,698	2 6 3
Legal Practitioners	578	10	130	718	5,034	1,799	6,833	9 10 4
Medical Practitioners ...	494	8	134	636	4,878	687	5,565	8 14 11
Police ...	855	...	6	861	991	11	1,002	1 3 3
Teachers ...	1,430	...	25	1,455	2,861	60	2,921	2 0 1
Various ...	1,706	18	148	1,872	6,393	1,182	7,575	4 0 11
	6,972	37	540	7,549	25,326	4,041	29,367	3 17 9
<b>2. Domestic.</b>								
Hotelkeepers...	1,016	5	137	1,158	3,560	569	4,129	3 11 4
Various ...	258	2	28	288	655	136	791	2 14 10
	1,274	7	165	1,446	4,215	705	4,920	3 8 0
<b>3. Commercial.</b>								
Agents ...	611	7	122	740	4,209	699	4,908	6 12 8
Brokers ...	167	1	35	203	2,042	277	2,319	11 8 6
Butchers ...	454	2	38	494	1,282	96	1,378	2 15 9
Clerks ...	3,580	5	159	3,744	9,744	549	10,293	2 14 11
Drapers ...	434	2	45	481	2,547	165	2,712	5 12 9
Grocers ...	354	2	50	406	1,033	263	1,296	3 3 10
Merchants ...	956	9	281	1,246	16,119	3,255	19,374	15 11 0
Salesmen ...	1,920	2	55	1,977	4,369	390	4,759	2 8 2
Storekeepers...	525	4	96	625	2,299	431	2,730	4 7 4
Various ...	1,672	25	231	1,928	10,469	1,403	11,872	6 3 1
	10,673	59	1,112	11,844	54,113	7,528	61,641	5 4 1
<b>4. Transport.</b>								
Carriers ...	261	...	26	287	747	49	796	2 15 6
Engaged in Postal Service	181	...	5	186	379	13	392	2 2 1
Engaged in Railways ...	1,248	...	10	1,258	1,939	12	1,951	1 11 0
Engaged in Shipping ...	176	1	31	208	1,110	299	1,409	6 15 5
	1,866	1	72	1,939	4,175	373	4,548	2 6 10

SOURCES OF INCOMES AND OCCUPATIONS OF TAXPAYERS,  
1906—continued.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	Personal Exertion.	Property.	Personal Exertion and Property combined.	Total.	Personal Exertion.	Property.	Total.	Average to each Taxpayer.
<i>5. Industrial.</i>					£	£	£	£ s. d.
Carpenters ...	500	12	74	586	1,943	302	2,245	3 16 7
Engine-drivers ...	237	...	2	239	269	2	271	1 2 8
Engineers ...	716	4	22	742	1,655	78	1,733	2 6 8
Managers ...	670	2	54	726	2,566	427	2,993	4 2 5
Manufacturers ...	520	3	114	637	6,725	806	7,531	11 16 5
Printers ...	620	...	23	643	3,573	45	3,618	5 12 6
Various ...	3,253	11	229	3,493	9,822	1,056	10,878	3 2 3
	6,516	32	518	7,066	26,553	2,716	29,269	4 2 10
<i>6. Primary Producers.</i>								
Engaged in Agriculture, &c.—								
Dairy Farmers ...	646	3	36	685	1,363	177	1,540	2 4 11
Farmers ...	4,490	59	359	4,908	14,149	1,915	16,064	3 5 5
Graziers ...	1,003	88	400	1,491	17,536	5,899	23,435	15 14 4
Various ...	488	14	67	569	1,444	493	1,937	3 8 1
	6,627	164	862	7,653	34,492	8,484	42,976	5 12 3
Engaged in Mining—								
Legal Managers ...	41	...	1	42	151	3	154	3 13 2
Miners ...	183	1	12	196	462	187	649	3 6 2
Mining Managers ...	226	1	8	235	458	109	567	2 8 3
Various ...	78	1	6	85	289	47	336	3 19 0
	528	3	27	558	1,360	346	1,706	3 1 1
	7,155	167	889	8,211	35,852	8,830	44,682	5 8 10
<i>7. Indefinite.</i>	720	4,087	449	5,256	5,420	52,038	57,458	10 18 7
<i>8. Companies.</i>								
Life Assurance ...	...	20	...	20	...	10,577	10,577	528 16 5
Mining ...	94	...	...	94	13,284	...	13,284	141 6 3
Other ...	644	99	94	837	54,748	3,810	58,558	69 19 2
	736	119	94	951	68,032	14,387	82,419	86 13 3
Total ...	35,914	4,509	3,839	44,262	223,686	90,618	314,304	7 2 0

Of the total taxpayers, 81 per cent. gained their incomes from personal exertion, 10 per cent. from property, and 9 per cent. from personal exertion combined with property, the proportion of taxpayers of definite occupations deriving incomes from personal exertion

ranging from 87 per cent. of primary producers to 96 per cent. of those engaged in transport; personal exertion combined with property ranging from 4 per cent. of those engaged in transport to 11 per cent. of primary producers and those engaged in boarding, lodging, &c. (domestic). The indefinite class, comprising persons of independent means, no occupation, and pensioners, has 14 per cent. gaining incomes from personal exertion, 78 per cent. from property, and 8 per cent. from personal exertion combined with property. Of companies 78 per cent. made their incomes from personal exertion, 12 per cent. from property, and 10 per cent. from personal exertion and property combined. Seventy-one per cent. of the total tax was yielded by incomes made from personal exertion, the range amongst the various classes being from 9 per cent. indefinite occupations to 80 per cent., primary producers, and 92 per cent. by those engaged in transport.

The taxable incomes of taxpayers in conjunction with occupations are shown in the following statement:—

### TAXABLE INCOMES AND OCCUPATIONS OF TAXPAYERS, 1906.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	With taxable incomes between—			Total.	On taxable incomes between—			Total.
	£57 and £500.	£500 and £1,000.	£1,000 and over.		£57 and £500.	£500 and £1,000.	£1,000 and over.	
<b>1. Professional.</b>					£	£	£	£
Civil Servants ...	1,151	102	20	1,273	2,136	913	724	3,773
Clergymen ...	699	31	4	734	1,300	274	124	1,698
Legal Practitioners ...	471	158	89	718	1,104	1,664	4,065	6,833
Medical Practitioners	349	202	85	636	964	2,098	2,503	5,565
Police ...	855	6	...	861	951	51	...	1,002
Teachers ...	1,404	40	11	1,455	2,315	362	244	2,921
Various ...	1,629	189	54	1,872	3,308	1,807	2,460	7,575
	6,558	728	263	7,549	12,078	7,169	10,120	29,367
<b>2. Domestic.</b>								
Hotelkeepers ...	1,016	119	23	1,158	2,191	1,141	797	4,129
Various ...	267	14	7	288	472	149	170	791
	1,283	133	30	1,446	2,663	1,290	967	4,920
<b>3. Commercial.</b>								
Agents ...	549	128	63	740	1,188	1,311	2,409	4,908
Brokers ...	120	50	33	203	300	526	1,493	2,319
Butchers ...	453	34	7	494	899	324	155	1,378
Clerks ...	3,454	220	70	3,744	6,118	2,174	2,001	10,293
Drapers ...	396	49	36	81	760	464	1,488	2,712
Grocers ...	371	21	14	406	681	227	388	1,296
Merchants ...	757	240	249	1,246	1,559	2,438	15,377	19,374
Salesmen ...	1,894	65	18	1,977	3,325	610	824	4,759
Storekeepers ...	517	87	21	625	1,230	837	663	2,730
Various ...	1,557	208	163	1,928	3,165	2,101	6,606	11,872
	10,068	1,102	674	11,844	19,225	11,012	31,404	61,641

TAXABLE INCOMES AND OCCUPATIONS OF TAXPAYERS,  
1906—continued.

Occupations.	Number of Taxpayers.				Amount of Tax.			
	With taxable incomes between—			Total.	On taxable incomes between—			Total.
	£57 and £500.	£500 and £1,000.	£1,000 and over.		£57 and £500.	£500 and £1,000.	£1,000 and over.	
4. Transport.								
Carriers ...	253	28	6	287	£ 422	£ 263	£ 111	£ 796
Engaged in Postal Service	175	10	1	186	290	83	19	392
Engaged in Railways	1,241	14	3	1,258	1,707	120	124	1,951
Engaged in Shipping	149	43	16	208	268	451	690	1,409
	1,818	95	26	1,939	2,687	917	944	4,548
5. Industrial.								
Carpenters ...	525	38	23	586	947	342	956	2,245
Engine-drivers ...	239	...	...	239	271	...	...	271
Engineers ...	701	30	11	742	1,009	304	420	1,733
Managers ...	603	103	20	726	1,271	1,066	656	2,993
Manufacturers ...	432	110	95	637	1,008	1,071	5,452	7,531
Printers ...	594	34	15	643	971	298	2,349	3,618
Various ...	3,229	178	86	3,493	5,060	1,677	4,141	10,878
	6,323	493	250	7,066	10,537	4,758	13,974	29,269
6. Primary Producers.								
Engaged in Agriculture, &c.—								
Dairy Farmers ...	650	32	3	685	1,131	310	99	1,540
Farmers ...	4,331	480	97	4,908	8,561	4,530	2,973	16,064
Graziers ...	987	241	263	1,491	2,381	2,755	18,299	23,435
Various ...	516	33	20	569	973	357	607	1,937
	6,484	786	383	7,653	13,046	7,952	21,978	42,976
Engaged in Mining—								
Legal Managers ...	36	5	1	42	82	52	20	154
Miners ...	174	18	4	196	276	176	197	649
Mining Managers ...	226	8	1	235	419	67	81	567
Various ...	69	15	1	85	155	163	18	336
	505	46	7	558	932	458	316	1,706
	6,989	832	390	8,211	13,978	8,410	22,294	44,682
7. Indefinite.								
	4,128	745	383	5,256	15,537	12,732	29,189	57,458
8. Companies.								
Life Assurance ...	2	4	14	20	9	107	10,461	10,577
Mining ...	21	13	60	94	155	318	12,811	13,284
Other ...	470	112	255	837	1,997	2,269	54,292	58,558
	493	129	329	951	2,161	2,694	77,564	82,419
Total ...	37,660	4,257	2,345	44,262	78,866	48,982	186,456	314,304

Of the taxable incomes assessed, 85 per cent. were under £500, 10 per cent. between £500 and £1,000, and 5 per cent. over £1,000; but the tax levied on these incomes formed 25, 16, and 59 per cent. respectively of the total. Of the definite occupations the largest amount of tax was contributed by the commercial class, in which 1,246 merchants were responsible for £19,374, of which £15,377 came from 249 persons, whose incomes for the previous year exceeded £1,000. Clerks, who comprised nearly one-third of this class, came next to merchants, but as 92 per cent. of their number had taxable incomes under £500, their tax amounted to little more than half that of the merchants although they were three times as numerous. Next to the commercial class the largest amount of tax came from the primary producers, the principal of which were graziers, whose contribution amounted to £23,435 from 1,491 persons. Of these, 263 incomes exceeded £1,000 each during 1905, and were taxed to the extent of £18,299. Of the primary producers assessed, farmers represented two-thirds of the number, but contributed only little more than one-third of the tax.

#### LAND TAX.

A Land Tax was first imposed in Victoria in 1877, and has continued in force ever since without any amendment. All estates over 640 acres in extent, valued at upwards of £2,500, whether consisting of one block or several blocks of land not more than five miles apart, are taxed at the rate of one and a quarter per cent. upon their capital value after deducting an exemption of £2,500. If a proprietor holds more than one estate, only one exemption is allowed. The lands are valued on a purely pastoral basis, according to their sheep-carrying capacity, irrespective of whatever value may attach to such lands for dairying or agricultural purposes. The estates in question are divided into four classes, the value being estimated according to the number of sheep they are able to carry, as follow:—

		Value per Acre.
Class I.—	carrying 2 sheep or more per acre ...	£4
Class II.	„ 1½ sheep per acre ...	3
Class III.	„ 1 sheep per acre ...	2
Class IV.	„ under 1 sheep per acre ...	1

The following are particulars regarding the land tax for the half-year ended February, 1907:—

#### LAND TAX: RETURN FOR THE HALF-YEAR ENDED 27TH FEBRUARY, 1907.

Class.	Estates Assessed.			Exemptions.		Net Taxable Value.	Half-year's Tax Payable.
	Number.	Area.	Capital Value.	Number.	Value.		
		Acres.	£		£	£	£
I. ...	111	191,458	765,832	97	242,500	523,332	3,271
II. ...	181	467,351	1,402,053	167	417,500	984,553	6,153
III. ...	483	1,711,334	3,422,668	426	1,065,000	2,357,668	14,735
IV. ...	532	4,607,170	4,607,170	434	1,085,000	3,522,170	22,014
Total...	1,307	6,977,313	10,197,723	1,124	2,810,000	7,387,723	46,173

There are thus 1,307 landed estates assessed in Victoria, containing land to the extent of 6,977,313 acres, valued at £10,197,723, or an average of 5,338 acres to each estate; from which a tax of £46,173 has been levied for the half-year ended 27th February, 1907. The collections in 1899-1900 were £108,222; in 1900-1, £97,948; in 1901-2, £97,862; in 1902-3, £92,867; in 1903-4, £106,445; in 1904-5, £97,840; and in 1905-6, £103,536. In the following return a comparison is made of the number and size of the estates assessed for land tax in 1900, 1905, and 1906:—

#### LAND TAX: RETURN FOR 1900, 1905, AND 1906.

Year.	Number of Exemptions.	Estates.			Net Taxable Value.	Average Area to each Assessment.
		Assessed.	Area.	Capital Value.		
			Acres.	£	£	Acres.
1900	907	1,146	7,424,542	11,775,026	9,507,526	6,479
1905	1,081	1,262	7,039,132	10,356,984	7,654,484	5,577
1906	1,124	1,307	6,977,313	10,197,723	7,387,723	5,338

The total area of the State being 56,245,760 acres, there is thus slightly less than an eighth of the whole subjected to taxation. The area of land alienated and in process of alienation is 26,346,802 acres, of which the taxable land is only three-elevenths. It will be noticed that the average area to each assessment is gradually falling.

#### RAILWAY REVENUE AND EXPENDITURE.

Financial  
working  
of the  
Railways.

The following return shows the financial working of the Railways during the last five years, inclusive of the cost of pensions and gratuities. The figures have been taken from the Railway Report, and they represent the actual business done each year, and not simply the receipts and expenditure brought to account by the Treasury, within the year. Working expenses include expenditure on belated repairs, and expenditure on account of previous years, together amounting to £21,500 in 1901-2, £102,630 in 1902-3, £119,556 in 1903-4, £248,485 in 1904-5, and £117,542 in 1905-6.

#### RAILWAY BALANCES: RETURN FOR FIVE YEARS.

—	1901-2.	1902-3.	1903-4	1904-5.	1905-6.
	£	£	£	£	£
Gross Receipts ...	3,367,843	3,046,858	3,438,141	3,582,266	3,789,068
Working Expenses ...	2,072,374	1,938,580	1,921,867	2,119,623	2,117,706
Pensions, Gratuities, &c.	93,744	93,507	100,536	102,656	99,637
Net Receipts ..	1,201,725	1,014,771	1,415,738	1,359,987	1,571,725
Interest on Cost of Construction	1,492,695	1,473,532	1,515,755	1,461,994	1,472,397
Deficit (-) Surplus (+)	- 290,970	- 458,761	- 100,017	- 102,007	+ 99,328

Comparing 1905-6 with the first year appearing in the table the gross receipts have increased by £421,225 and working expenses and pensions by £51,225—the net receipts being £370,000 in excess of 1901-2. Interest is less by £20,298.

## RAILWAY ACCIDENT FUND.

A Railway Accident Fund was established by the *Railways Act* 1891, which is maintained by a payment into the Fund of 10s. for every £100 received by the Commissioners for fares for the conveyance of passengers and for charges for conveyance of animals, goods, and parcels. At the close of 1905-6 this Fund had a credit balance of £47,860, and the payments made in the year for damages, costs, &c., amounted to £24,060 3s. 6d.

## STATE EXPENDITURE.

The following table shows for the years 1901-2 to 1905-6 the principal heads of State expenditure:—

Heads of  
State  
expendi-  
ture.

## PRINCIPAL HEADS OF STATE EXPENDITURE: RETURN FOR FIVE YEARS.

Heads of Expenditure.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
	£	£	£	£	£
General Administration	249,426	227,621	233,634	210,512	211,314
Retiring Allowances, Gratuities, &c.	319,280	337,226	341,297	343,694	339,508
Law, Order, and Pro- tection	501,762	483,097	482,158	478,058	481,953
Education:—					
State ... ..	656,761	631,129	621,314	624,677	630,500
Secondary and Tech- nical	33,976	29,895	30,028	37,617	38,722
Science, Medical, &c.	63,084	52,398	51,742	54,859	57,751
Charitable Institutions	313,735	300,821	292,914	294,483	292,454
Agriculture ... ..	169,351	110,867	150,380	157,307	160,238
Mining ... ..	59,502	53,961	45,975	56,355	56,178
Crown Lands ... ..	83,096	79,014	73,906	72,633	77,245
Public Works and Ser- vices:—					
Railways ... ..	2,052,264	1,849,989	1,896,359	2,004,601	2,033,818
Posts and Telegraphs	...	...	1,198*	...	...
Other ... ..	330,763	213,274	666,798	602,388	433,730

\* Arrears of salary to letter carriers.

**PRINCIPAL HEADS OF STATE EXPENDITURE : RETURN FOR FIVE YEARS—continued.**

Heads of Expenditure.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
	£	£	£	£	£
Public Debt :—					
Interest and expenses	1,941,449	1,907,656	1,948,376	1,884,208	1,919,869
Redemption ...	94,414	68,155	95,060	114,260	125,566
Interest, Savings Banks	84,939	83,247	88,216	93,687	91,995
Old Age Pensions ...	292,432	215,973	205,183	200,465	189,094
Other Expenditure ...	152,598	115,637	115,070	113,938	121,540
Totals { Special Ap- propriations	2,996,333	2,810,955	3,338,413	3,214,812	3,049,310
{ Annual Votes	4,402,499	3,949,005	4,001,195	4,128,930	4,212,165
Grand Total ...	7,398,832	6,759,960	7,339,608	7,343,742	7,261,475
Per Head of Popula- tion	£ s. d. 6 2 5	£ s. d. 5 12 2	£ s. d. 6 1 5	£ s. d. 6 1 4	£ s. d. 5 19 2

As compared with the previous year, the figures for 1905-6 show a decrease of expenditure to the amount of £165,502 under special appropriations, but an increase of £83,235 under annual votes; a net decrease of £82,267. The principal items making up the decrease under special appropriations are surplus revenue transferred for public works, £204,161, and old-age pensions, £11,371. On the other hand, the expenditure on redemption of loans increased by £11,306; railways, £10,459; and land sales by auction fund, £11,421. Under annual votes, the chief increases are railway working expenses, £18,758; water supply, £8,968; State school buildings, £6,948; other public works, £13,107; and expenses connected with public debt, £30,871; whilst the expenditure on pensions and gratuities diminished by £7,225.

The causes of the reduction under old-age pension payments since 1901-2 were that under Act No. 1751 the maximum payments were reduced from 10s. to 8s. per week, and provision was made for enforcing contributions from relatives. It is proposed to raise the amount again to 10s.

**PENSIONS AND GRATUITIES.**

Pensions  
and  
gratuities.

During the year 1905-6, 2,821 pensions were paid under special appropriations, amounting to £276,311; and 221 from annual votes, amounting to £12,214. The total number of pensions was 3,042, and the amount £288,525. Forty-eight compensations and gratuities were also paid, the amount being £8,983; and £42,000 were



paid as a subsidy to the Police Superannuation Fund. The following statement contains full particulars, showing various Acts under which these payments have been made:—

PENSIONS, SUPERANNUATION ALLOWANCES, AND GRATUITIES, &c.,  
PAID, 1905-6.

Division of Service.	Special Appropriations.		Annual Votes.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
		£		£		£
General Public Service—						
Under Civil Service Act	450	76,189	15	1,080	643	100,945
„ Public Service Act	166	18,641				
„ Other Acts ...	12	5,035				
„ Discipline Act ...	15	1,080				
„ Lunacy Act	61	4,891	...	...	15	1,080
Education Department	926	82,261	29	1,838	61	4,891
Railways	1,186	83,589	29	1,838	955	84,099
Miscellaneous—			170	9,067	1,356	92,656
Under Constitution Act	1	1,500	...	...	...	...
„ County Courts Act	4	3,125	...	...	4	3,125
Police	...	...	7	229	7	229
Total Pensions and Superannuation Allowances	2,821	276,311	221	12,214	3,042	288,525
Compensations and Gratuities	15	3,255	33	5,728	48	8,983
Subsidy to Police Superannuation Fund	...	2,000	...	40,000	...	42,000
Total Amount Paid	...	281,566	...	57,942	...	339,508

The total amount of pensions paid in 1905-6—£288,525—was an advance of £4,323 on that of the previous year. In the Education Department the increase was £2,585, and in the Railway Department £3,504. In other departments there was a reduction of £1,766.

In 1905-6 the payments out of the Police Superannuation Fund were as follow:—345 pensions, amounting to £45,650, and 14 gratuities, amounting to £5,152. The Police Superannuation Fund is maintained by an annual subsidy of £2,000 from the consolidated revenue; by a moiety of the fines inflicted by the Courts of Petty Sessions; and by a deduction, not exceeding 2½ per cent., from the pay of the members of the force, and a further grant in aid from the consolidated revenue. The further grant in 1905-6 was £40,000.

In the year 1905-6, 26 pensions amounting to £1,177, and £12 sick allowances, were paid out of the Port Phillip Pilot Sick and Superannuation Fund, toward which, however, the Government does

not contribute, the fund being maintained by deductions from pilots' earnings and the annual income from investments belonging to the fund.

## EXPENDITURE ON EDUCATION.

Expenditure  
on educa-  
tion.

The expenditure during 1905-6 on State education amounted to £736,772, portion of which however (£21,444) was for technical schools. Pensions, gratuities, &c., are also included, but this expenditure may be considered as almost entirely belonging to the education of a past generation rather than as a portion of the cost of instruction of the children of the present day. The expenditure in detail for the five years 1901-2 to 1905-6, extracted from the report of the Education Department, is as follows:—

## EXPENDITURE ON EDUCATION: RETURN FOR FIVE YEARS.

Expenditure on—	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
	£	£	£	£	£
Instruction ... ..	565,931	552,838	556,595	546,168	540,277
Training College ... ..	4,701	4,555	4,177	4,228	4,800
Continuation School ... ..	...	...	...	1,155	3,500
Administration ... ..	41,977	39,148	37,621	36,628	37,693
Technical Schools ... ..	22,958	16,430	16,278	17,117	21,444
Melbourne University ..	6,000	4,500	4,500	...	...
Pensions, Compensation, and Gratuities	76,352	77,535	78,732	82,414	84,637
Miscellaneous ... ..	338	4,622	4,269	4,421	5,238
Total (exclusive of Buildings)	718,257	699,628	702,172	692,129	697,589
Buildings—					
Expended by the Public Works Department:—					
From Loans ... ..	35,197	10,734	384	...	...
„ Annual Votes ... ..	39,231	20,886	12,167	24,946	32,087
Expended by Boards of Advice...	3,398	3,901	3,383	3,710	3,673
Rents ... ..	4,119	3,848	3,568	3,385	3,423
Total ... ..	800,202	738,997	721,674	724,170	736,772

The expenditure in 1901-2 was the highest for years past, but in 1902-3 there was a decrease to the extent of £61,205, and in 1903-4 a further decline of £17,323; but in 1904-5 an increase of £2,496 took place and in 1905-6 a further increase of £12,602. The increases in 1905-6, as compared with 1904-5, are under Training, £2,919; Administration, £1,065; Technical Schools, £4,327; Pensions, &c., £2,223; Buildings, £7,142; and Miscellaneous, £817. The expenditure on Instruction was reduced by £5,891 between the same years. Since the inception of the system of education by the State in 1872, up to the 30th June, 1906, the

expenditure on public instruction has amounted to £22,614,194, of which £16,800,142 has been spent on instruction, £1,250,625 on administration, £168,095 on training, £1,893,218 on miscellaneous items, principally pensions, technical schools, and the Melbourne University (excluding the annual endowment of £9,000 to that institution under Act 16 Vict., No. 34, since raised to £21,000 under Act No. 1926), £2,502,114 on buildings, of which £1,129,610 was paid out of loans, and £1,372,504 from revenue. For particulars of the progress of State instruction since its inception, see Part Social Condition of this work.

The foregoing statement deals with public instruction generally, and includes some items of expenditure on secondary and technical education; but in the following statement particulars are given of primary State school education only—that is, the cost to the State of the “free, compulsory, and secular” system, the subjects of which are set out in the schedule of Act. No. 1777, as follow:—Reading, writing, arithmetic, grammar, geography, history, drill, singing, drawing, elementary science, manual training, and, where practicable, gymnastics and swimming; also, for children over nine years of age, lessons in health and temperance from standard works; and, for girls, sewing, needlework, cookery, and domestic economy:—

Expenditure  
on primary  
education.

#### EXPENDITURE ON PRIMARY EDUCATION: RETURN FOR FIVE YEARS.

Items.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
<b>Instruction—</b>	£	£	£	£	£
Teachers' Salaries ...	511,846	499,559	502,562	494,546	493,415
Drawing, Kindergarten, Cookery, and Manual Training	4,681	5,955	5,334	4,841	2,126
Teachers' Travelling Expenses	2,060	2,540	2,562	2,519	2,125
Conveyance of Children to Schools	2,386	2,536	2,129	2,191	2,185
Printing, Stores, Cadets, Kindergarten, Manual Train- ing, and Cookery Expenses	9,140	10,034	10,559	8,345	7,855
Cleaning, Stationery, Fuel, &c.	31,459	31,532	32,781	33,206	32,128
Teaching Night Schools ...	804	682	668	520	443
Training Teachers ...	4,701	4,555	4,177	5,381	8,300
<b>Total Instruction</b> ...	<b>567,077</b>	<b>557,393</b>	<b>560,772</b>	<b>551,549</b>	<b>548,577</b>
<b>Administration—</b>					
Office and Inspectors ...	31,235	29,156	28,830	29,187	29,855
Truant Officers ...	7,569	6,046	5,046	4,941	4,475
Stores, Cleaning, &c. *	3,173	3,946	3,745	2,500	3,363
Buildings ...	81,946	39,369	19,502	32,041	39,183
Retiring Allowances, Compensa- tion, and Gratuities	76,352	77,535	78,732	82,414	84,637
Miscellaneous ...	...	...	...	...	460
<b>Total Expenditure</b> ...	<b>767,352</b>	<b>713,445</b>	<b>696,627</b>	<b>702,632</b>	<b>710,550</b>

\* Including Postage and Telegrams, £2,186 in 1902-3, £2,615 in 1903-4, £1,376 in 1904-5, and £1,591 in 1905-6.

Out of the total decrease (£63,430) which has taken place in the expenditure on Education since 1901-2, £56,802 has been effected on items comprising primary instruction. This has occurred principally in the items Teachers' Salaries and Buildings. Increases are shown in the expenditure on Training Teachers and Pensions.

The following return shows the cost per head of primary instruction:—

**COST OF PRIMARY INSTRUCTION IN VICTORIA: RETURN FOR  
SEVEN YEARS.**

Year.	Cost to the State.		Scholars in Average Attendance.	Per Head of Scholars in Average Attendance.	
	Including Buildings.	Excluding Buildings.		Including Buildings.	Excluding Buildings.
	£	£		£ s. d.	£ s. d.
1899-00 ...	673,174	628,489	145,868	4 12 4	4 6 2
1900-01 ...	699,418	663,378	147,818	4 14 8	4 9 9
1901-2 ...	767,352	685,406	150,939	5 1 8	4 10 10
1902-3 ...	713,445	674,076	150,268	4 14 11	4 9 8
1903-4 ...	696,627	677,125	145,500	4 15 8	4 13 1
1904-5 ...	702,632	670,591	143,362	4 18 0	4 13 7
1905-6 ...	710,550	671,367	142,216	4 19 11	4 14 5

Trust funds.

The following are the amounts to the credit of the trust funds, and the manner of their investment, at the end of each of the last five financial years:—

**TRUST FUNDS: RETURN FOR FIVE YEARS.**

Accounts.	Credit Balance on 30th June.				
	1902.	1903.	1904.	1905.	1906.
	£	£	£	£	£
Deposits in Savings Banks	3,603,187	3,595,418	3,495,418	3,445,418	2,617,310
Deposits in Savings Banks Security Account	2,500,327	1,543,952	1,625,812	2,036,262	2,451,549
Municipal Sinking Funds	652,951	634,141	633,464	627,914	628,497
Assurance Fund ...	176,683	184,685	194,773	204,301	213,790
Intestate Estates ...	89,288	88,698	100,511	103,557	106,677

TRUST FUNDS : RETURN FOR FIVE YEARS—*continued.*

Accounts.	Credit Balance on 30th June.				
	1902.	1903.	1904.	1905.	1906.
	£	£	£	£	£
Country Tramways* ...	137,872	137,872	137,872	94,164	46,732
Trustee and Assurance Companies ...	104,795	104,795	104,795	104,795	104,950
Police Superannuation Fund	1,665	3,253	5,579	7,312	7,718
Other Funds ...	1,409,414	988,832	821,061	1,010,804	1,346,423
Total ...	8,676,182	7,281,646	7,119,285	7,634,527	7,523,646
How Invested :—					
In State Debentures and Stock	1,574,050	1,595,544	1,534,464	1,586,470	1,796,652
In Bank Deposit Receipts, Cash, and Advances to Revenue, &c.	7,102,132	5,686,102	5,584,821	6,048,057	5,726,994

\* This Fund was made available for water supply and railway purposes by Act No. 1933 (8th November, 1904).

The revenue deficiency on 30th June, 1906, £1,459,119, and the debit balance of £226,376 in the Land Sales by Auction Fund are included in the last item in the above return.

In 1898 an Act was passed to relieve any municipality, which desired relief, from further contributions to its loan sinking fund. The amount already to the credit of the sinking fund of any municipality which took advantage of the Act is allowed to accumulate with interest, and at the maturity of the loan the Government will, by the sale of inscribed stock, pay the difference between the amount at credit of the fund and the amount of the loan to be redeemed, the municipality repaying to the Government, in half-yearly instalments, the amount so paid. Previous to 1905-6 it was the practice to include in the Trust Funds the amount of the unsold stock inscribed under this Act, but the figures given in the above table have been revised to bring them into accord with those of the current year. The amount at 30th June, 1906, was £1,099,304.

The amount of money to the credit of the municipal sinking funds has not materially altered during recent years. On 30th June, 1906, it was £628,497.

## COMMONWEALTH REVENUE AND EXPENDITURE.

The amount of revenue collected in this State to the 30th June, 1906, by the Federal Government since its inauguration is £17,209,665. Of this amount £5,877,250 was used to meet the Victorian portion of Commonwealth expenditure, and £11,321,465 was paid over to the State Government. A balance of £9,050 was overpaid to the State, as £20,000 is retained as "till-money," principally in the offices of the Post and Telegraph Department in the State.

Commonwealth finance.

A statement of the Commonwealth revenue and expenditure for Victoria is as follows:—

COMMONWEALTH REVENUE AND EXPENDITURE CREDITED OR DEBITED  
TO THE STATE OF VICTORIA: RETURN FOR FIVE YEARS.

—	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
<b>REVENUE.</b>	£	£	£	£	£
Customs Duties ...	1,976,245	2,096,318	2,040,128	1,907,063	1,950,713
Excise Duties ...	400,280	402,696	403,377	581,780	586,357
Posts and Telegraphs ...	591,470	622,700	650,583	683,480	735,563
Miscellaneous ...	8,505	5,407	8,364	9,575	12,251
<b>Total</b> ...	<b>2,976,500</b>	<b>3,127,121</b>	<b>3,102,452</b>	<b>3,181,898</b>	<b>3,284,884</b>
<b>EXPENDITURE.</b>					
Customs and Excise...	63,812	64,770	66,731	69,244	67,076
Posts and Telegraphs ...	588,888	597,008	631,313	665,161	674,601
Defences ...	316,876	258,852	258,471	291,577	303,673
New Expenditure ...	87,194	98,200	143,332	145,413	153,032
Paid over to the State	1,920,974	2,105,450	2,002,804	2,017,378	2,097,119
<b>Total</b> ..	<b>2,977,744</b>	<b>3,124,280</b>	<b>3,102,651</b>	<b>3,188,773</b>	<b>3,295,501</b>

COMMONWEALTH AND STATE REVENUE AND EXPENDITURE.

Common-  
wealth and  
State  
finance.

The total revenue and expenditure of the State of Victoria is shown by combining State and Commonwealth receipts and expenditure. The following are the main heads:—

REVENUE AND EXPENDITURE OF COMMONWEALTH AND STATE  
COMBINED: RETURN FOR FIVE YEARS.

Heads of Revenue and Expenditure.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
<b>REVENUE.</b>					
	£	£	£	£	£
Customs and Excise ...	2,376,525	2,499,014	2,443,505	2,488,843	2,537,070
Posts and Telegraphs ...	591,470	622,700	650,583	683,480	735,563
Railways ...	3,362,030	3,033,596	3,400,243	3,609,120	3,779,153
State Taxation ...	818,274	950,183	1,012,119	979,029	1,075,935
Other sources ...	905,019	870,797	913,147	919,790	871,519
<b>Total Revenue</b> ...	<b>8,053,318</b>	<b>7,976,290</b>	<b>8,419,597</b>	<b>8,680,262</b>	<b>8,999,240</b>
<b>EXPENDITURE.</b>					
Customs and Excise ...	63,812	64,770	66,731	69,244	67,076
Posts and Telegraphs ...	588,888	597,008	631,313	665,161	674,601
Railways ...	2,052,264	1,849,989	1,896,359	2,004,601	2,033,818
Public Instruction ...	690,737	661,024	651,342	662,294	669,222
Public Debt—					
Interest and Expenses	1,941,449	1,907,656	1,948,376	1,884,208	1,919,869
Redemption ...	94,414	68,155	95,060	114,260	125,566
Other Expenditure ...	3,024,038	2,630,188	3,150,274	3,115,369	2,969,705
<b>Total Expenditure</b>	<b>8,455,602</b>	<b>7,778,790</b>	<b>8,439,455</b>	<b>8,515,137</b>	<b>8,459,857</b>

In 1901-2 the Customs and Excise revenue was less by £181,765 than during the preceding year, when the State Tariff was in force, but exceeded that for the year 1899-1900 by £109,394. In 1902-3, 1903-4, 1904-5, and 1905-6 this source of revenue showed an increase of £122,489, £66,980, £112,318, and £160,545 respectively, over that of 1901-2.

#### COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE.

A statement of the ordinary revenue and expenditure and also of the loan expenditure of the Federal and the State Governments and of municipal and local bodies during the last five years will be found in the following table. From the totals of revenue and expenditure, the amounts paid by one body to another have been deducted:—

Common-  
wealth,  
State, and  
local  
finance.

#### COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE : RETURN FOR FIVE YEARS.

	Financial Year ended in—				
	1902.	1903.	1904.	1905.	1906.
<i>Revenue.</i>	£	£	£	£	£
Government—					
Federal ..	2,976,500	3,127,121	3,102,452	3,181,898	3,284,884
State ..	4,987,757	4,767,168	5,234,887	5,426,800	5,642,899
Municipal ..	1,201,230	1,180,453	1,229,609	1,254,649	1,293,202
Melbourne Harbor Trust ..	155,513	177,233	176,898	189,983	208,455
Melbourne and Metropolitan Board of Works ..	315,054	362,450	355,650	390,441	418,849
Fire Brigades Boards	20,278	21,639	19,797	20,557	20,610
<b>Total ..</b>	<b>9,656,332</b>	<b>9,636,064</b>	<b>10,119,293</b>	<b>10,464,328</b>	<b>10,868,899</b>
<i>Ordinary Expenditure.</i>					
Government—					
Federal ..	2,977,744	3,124,280	3,102,651	3,188,773	3,295,501
State ..	5,388,797	4,572,509	5,254,546	5,254,800	5,092,899
Municipal ..	1,196,422	1,099,620	1,209,967	1,253,171	1,282,559
Melbourne Harbor Trust ..	162,603	150,174	144,897	145,986	147,253
Melbourne and Metropolitan Board of Works ..	373,571	398,879	409,039	416,410	443,740
Fire Brigades Boards	17,887	20,455	19,607	21,041	22,867
<b>Total ..</b>	<b>10,117,024</b>	<b>9,365,917</b>	<b>10,140,707</b>	<b>10,280,181</b>	<b>10,284,819</b>

COMMONWEALTH, STATE, AND LOCAL REVENUE AND EXPENDITURE :  
RETURN FOR FIVE YEARS—*continued.*

	Financial Year ended in—				
	1902.	1903.	1904.	1905.	1906.
	£	£	£	£	£
<i>Loan Expenditure.</i>					
Government*(State)	910,833	756,404	447,244	373,191	932,966
Municipal ..	135,251	132,044	84,339	84,845	84,081
Melbourne and Metropolitan Board of Works ..	346,884	358,387	1,053,526	386,511	404,907
Fire Brigades Boards ..	..	..	..	405	3,250
Total ..	1,392,968	1,246,835	1,585,109	844,952	1,425,204
<i>Expenditure—Grand Total</i> ..	11,509,992	10,612,752	11,725,816	11,125,133	11,710,023
Per Head of Population—					
Revenue ..	£ s. d. 7 19 9	£ s. d. 7 19 10	£ s. d. 8 7 5	£ s. d. 8 12 11	£ s. d. 8 18 5
— Ordinary Expenditure ..	8 7 5	7 15 5	8 7 9	8 9 11	8 8 10
Loan Expenditure ..	1 3 0	1 0 7	1 6 3	0 14 0	1 3 5

\* Revised since previous issue.

The total revenue of the Federal and State Governments, the municipalities and other corporations, is nearly 4 per cent. more than in the previous year, and amounts to nearly eleven millions sterling. The ordinary expenditure shows an increase in the twelve months of only £4,638, and this has occurred through the reduced State expenditure almost compensating for the increases which took place in the other divisions. The loan expenditure was more by £580,252 than in 1905. The revenue per head in 1905 was £8 12s. 11d., and in 1906, £8 18s. 5d. The ordinary expenditure was £8 9s. 11d. and £8 8s. 10d.; and the loan expenditure 14s. and £1 3s. 5d. in those years respectively.

LOANS FLOATED IN LONDON.

Loans.

Excluding London debentures for £388,100 taken over with the Melbourne and Hobson's Bay Railway and since paid off, the total amount of loans raised in London at varying rates of interest was £67,672,884, after conversion operations. The amount paid off by means of new loans was £23,668,800, and by means of payment derived from revenue, &c., £825,403, leaving a balance due on 30th June, 1906, of £43,178,681, consisting of debentures amounting to £1,055,200, and inscribed stock, £42,123,481. The



following statement gives particulars respecting the various loans which were raised in London since 1859, together with the average prices obtained after deducting flotation expenses as well as accrued interest, and the rates of interest to which such prices are equivalent:—

LOANS FLOATED IN LONDON, 1859 TO 1906.

When Raised.	Debentures or Stock.				Average Price Obtained per £100 Debenture or Bond.		Actual Rate of Interest per £100 Net.
	Currency.		Amount Sold.	Rate of Interest.	Ex Accrued Interest.	Ex Interest and Expenses. (Net proceeds.)	
	When Due.	No. of Years.					
			£	Per cent.	£ s. d.	£ s. d.	£ s. d.
1859	1883	24	1,000,000	6	105 1 11 <sup>3</sup> / <sub>4</sub>	103 18 11 <sup>3</sup> / <sub>4</sub>	5 14 0
"	"	"	750,000	6	107 17 7 <sup>1</sup> / <sub>2</sub>	106 14 7 <sup>1</sup> / <sub>2</sub>	5 9 10
1860	"	23	1,837,500	6	104 17 10 <sup>1</sup> / <sub>2</sub>	103 14 10 <sup>1</sup> / <sub>2</sub>	5 14 1
"	1884	"	812,500				
1861	1885	24	1,000,000	6	103 1 6 <sup>1</sup> / <sub>2</sub>	101 18 6 <sup>1</sup> / <sub>2</sub>	5 17 0
1862	"	"	1,000,000	6	102 19 7	101 16 7	5 17 2
1866	1891	25	850,000	6	100 8 11 <sup>3</sup> / <sub>4</sub>	99 5 11 <sup>3</sup> / <sub>4</sub>	6 1 1
1869	1894	"	588,600	5	98 4 2 <sup>3</sup> / <sub>4</sub>	97 1 2 <sup>3</sup> / <sub>4</sub>	5 4 3
1870	"	24	1,518,400	5	100 17 6 <sup>1</sup> / <sub>2</sub>	99 14 6 <sup>1</sup> / <sub>2</sub>	5 0 5
1874	1899	25	1,600,000	4	90 2 7	88 19 7	4 15 5
1876	1901	"	{ 500,000	4	94 16 10 <sup>3</sup> / <sub>4</sub>	93 18 11 <sup>3</sup> / <sub>4</sub>	4 8 1
			{ 2,500,000				
1878	1904	26	457,000	4	"	"	"
1879	"	25	3,000,000	4 <sup>1</sup> / <sub>2</sub>	97 17 5 <sup>1</sup> / <sub>2</sub>	96 19 2 <sup>1</sup> / <sub>2</sub>	4 14 0
1880	"	24	2,000,000	4 <sup>1</sup> / <sub>2</sub>	103 3 8 <sup>1</sup> / <sub>2</sub>	102 5 11	4 6 11
			Stock.				
1883	1907	"	4,000,000	4	98 16 8 <sup>1</sup> / <sub>2</sub>	97 13 7 <sup>1</sup> / <sub>2</sub>	4 3 0
"	1908	"	2,000,000	4	97 14 1 <sup>1</sup> / <sub>2</sub>	96 10 11 <sup>1</sup> / <sub>2</sub>	4 4 6
1884	1913	29	{ 2,636,800	4	98 5 7	97 2 8 <sup>1</sup> / <sub>2</sub>	4 3 3
			{ 1,363,400				
1885	1919	34	{ 3,180,620	4	98 18 6 <sup>1</sup> / <sub>2</sub>	97 15 9 <sup>1</sup> / <sub>2</sub>	4 2 5
			{ 819,380				
1886	1920	"	1,500,000	4	105 12 3 <sup>1</sup> / <sub>2</sub>	104 9 0	3 15 5
1887	"	33	3,000,000	4	102 5 6 <sup>1</sup> / <sub>2</sub>	101 2 9	3 18 9
1888	"	32	1,500,000	4	108 1 1 <sup>1</sup> / <sub>2</sub>	106 18 0 <sup>1</sup> / <sub>2</sub>	3 12 9
1889	1923	34	3,000,000	3 <sup>1</sup> / <sub>2</sub>	102 14 10	101 11 11 <sup>1</sup> / <sub>2</sub>	3 8 5
1890	"	33	4,000,000	3 <sup>1</sup> / <sub>2</sub>	100 2 4	98 19 6	3 11 1
1891	1921-6	30-5	{ 850,000	3 <sup>1</sup> / <sub>2</sub>	96 3 7	95 0 10	3 15 0
			{ 2,150,000				
1892	"	29-34	2,000,000	3 <sup>1</sup> / <sub>2</sub>	91 13 7	90 10 8	4 1 5
1893	1911-26	17-34	2,107,000	4	94 7 5	93 4 8	4 11 7
1899	1929-49	30-50	1,600,000	3	94 7 1	93 4 2	3 7 3
1901	"	28-48	2,995,000	3	92 2 1	89 14 5	3 11 10
1902	"	27-47	1,000,000	3	95 16 6 <sup>1</sup> / <sub>2</sub>	93 8 3 <sup>3</sup> / <sub>4</sub>	3 7 6
1903	"	26-46	3,148,176	3 <sup>1</sup> / <sub>2</sub>	{ 91 14 9 <sup>1</sup> / <sub>2</sub>	89 8 0	4 3 8
1906	"	23-43	587,808		{ ..	..	..
			Treasury-bonds.				
1892	1893	1	1,000,000	4 <sup>1</sup> / <sub>2</sub>	99 3 11	99 1 5	5 0 0
1898	1900	2	500,000	3 <sup>1</sup> / <sub>2</sub>	100 0 0	100 0 0	3 15 0
1903	1906	3	2,254,800	4	99 10 8 <sup>1</sup> / <sub>2</sub>	96 18 10	5 2 7
Total	..	..	67,106,784				
Paid off	..	..	23,928,103				
Outstanding	..	..	43,178,681				

The figures in the last column represent the rates of interest payable by the State for the actual amount of money which was realized after the deduction of all expenses which had been incurred in connexion with the flotation, and with allowance for redemption at par on maturity.

The nominal rate of interest has varied from 6 per cent. for earlier loans to 3 per cent. for those of later date, and the actual rate paid by the Government varied from 6 per cent. in 1866 to  $3\frac{3}{8}$  per cent. in 1899 and 1902. The first six loans raised were obtained at about  $5\frac{1}{4}$  per cent., but money was obtained in 1870 at 5 per cent. In 1883 it was obtained at  $4\frac{1}{4}$  per cent., in 1885 at  $4\frac{1}{8}$ , in 1888 at  $3\frac{5}{8}$ , and in 1889 at less than  $3\frac{1}{2}$  per cent. In 1891 there was a reaction, when the money obtained cost  $3\frac{3}{4}$  per cent., and the rate was still increased to over  $4\frac{1}{2}$  in 1893, while 5 per cent. was paid on short-dated Treasury bonds obtained in 1892. Some later loans show a marked improvement, as in 1899 the actual rate of interest was less than  $3\frac{3}{8}$  per cent., this being the lowest rate of those loans which were raised in London, while for the two later loans, one of which was floated in 1901, the money was obtained at slightly over  $3\frac{1}{2}$  per cent., and the other in 1902, at  $3\frac{3}{8}$  per cent., but the interest on loans raised in 1903 was as high as  $5\frac{1}{8}$  per cent. on short-dated Treasury bonds, and  $4\frac{1}{8}$  on stock sold.

#### LOANS FLOATED IN MELBOURNE.

Excluding Victorian debentures for £63,000 taken over with the Melbourne and Hobson's Bay Railway, and of which £62,000 have since been paid off, the total amount of loans floated in Melbourne after conversion operations was £13,133,721. Of this amount, £1,729,343 was redeemed by loans, and £1,679,259 by revenue, &c., leaving due a balance of £9,725,119 on 30th June, 1906, consisting of debentures, £3,497,644; inscribed stock, £3,435,911; and Treasury bonds, £2,791,564. The outstanding balance of loans floated in Melbourne amounted to £2,994,088 on 30th June, 1898, but during the last eight years the local debt has been increased by about  $6\frac{3}{4}$  millions sterling. This increase has been brought about principally by the replacing of London loans as they fell due by local issues and by the raising of local loans to acquire estates for Closer Settlement purposes. The following is a statement of these loans, showing the amounts originally raised, the amounts converted or paid off, and the amounts outstanding on 30th June, 1906:—

#### LOANS FLOATED IN MELBOURNE.

Authorization.		Loans as originally raised.			Amounts.		Loans Outstanding on 30th June, 1906.
Act No.	Year.	Rate of Interest.	When due.	Amount.	Converted into Stock or Debentures.	Paid off.	
		Per cent.		£	£	£	
<i>Debentures.</i>							
13 & 23	1854	...	1855-75	735,000	...	735,000	...
40	1855	6	1857-72	299,100	...	299,100	...
15	1856	6	1872-4	2,900	...	2,900	...
36	1857	6	1883-5-8	1,000,000	52,780	947,220	...
150	1862	6	1889	300,000	23,900	276,100	...
332	1868	5	1894	610,000	297,100	312,900	...
371	1870	5	...	100,000	100,000	...	...

LOANS FLOATED IN MELBOURNE—*continued.*

Authorization.		Loans as originally raised.			Amounts.		Loans Outstanding on 30th June, 1906.
Act No.	Year.	Rate of Interest.	When due.	Amount.	Converted into Stock or Debentures.	Paid off.	
		Per cent.		£	£	£	£
<i>Debentures—continued.</i>							
1296	1893	4	1913-23	746,795	...	...	746,795
1440	1896	3	1912	63,000	...	...	63,000
1659	1900	3	1921-30	1,000,000	2,600	...	997,400
1753	1901	3	1923-32	393,000	3,200	40,000	349,800
1816	1903	2½	1904	93,869	...	45,000	48,869
1901	1903	3	1934-54	457,000	...	...	457,000
		3½	1926-40	28,900	...	...	28,900
		3¼	1925-40	60,000	...	...	60,000
1962	1904	4	1926-40	160,000	...	...	160,000
		4	1936	300,000	...	...	300,000
1990	1905	3½	1926-41	285,880	...	...	285,880
<i>Inscribed Stock.</i>							
428	1872	4	1897	1,113,000	2,659,613	...	...
439	1872	4	"	86,780			
			"	13,102			
741	1882	4	"	167,600			
963	1887	4	"	130,000			
1015	1889	4	"	750,000			
1341	1893	4	"	150,000	...	208,055	2,966,879
1369	1895	4	"	249,131			
1468	1896	3	1917	2,290,482			
1564	1898	3	"	500,000			
1623	1899	3	"	384,452			
1552	1898	3	"	17,304		17,304	...
1602	1898	3	"	211,135	...	24,947	186,188
1749				...		...	...
1659	1900	3	1921-30	2,600	...	34	2,566
1560	1901	3	1929-49	5,000	...	...	5,000
1753	1901	3	1923-32	3,200	...	42	3,158
1962	1904	3¼	1917	207,000	...	...	207,000
1990	1905	3½	"	65,120	...	...	65,120
<i>Treasury Bonds.</i>							
1574	1898	3½	1901	500,000	...	500,000	...
1800	1902	3½	1907	1,000,000	...	...	1,000,000
			1915	542,564	...	...	542,564
1982	1905	3½	1916	1,249,000	...	...	1,249,000
Overdue debentures ...				1,000	...	...	1,000
Total ...				16,273,914	3,139,193	3,408,602	9,726,119

Of the total loans raised in Victoria (exclusive of Melbourne and Hobson's Bay Railway debentures) £2,337,000, *i.e.*, the total of those authorized prior to 1863, was at 6 per cent.; £710,000, or those authorized from 1868 to 1870, at 5 per cent.; and the balance

(£13,225,914) at rates varying from 3 to 4 per cent. In February, 1906, there were issued in Melbourne debentures (£285,880), due 1926-41; inscribed stock (£65,120), due 1917; and Treasury bonds (£1,249,000), due 1916; each at  $3\frac{1}{2}$  per cent. The average proceeds obtained per £100 of these securities were £96 5s., £98 6s. 10d., and £97 5s. 1d. respectively. These local loans were for the purpose of redeeming bonds for £1,513,200 which fell due in London on 1st July, 1906. Of the total Melbourne loans outstanding on 30th June, 1906, £1,046,795 are bearing interest at 4 per cent., £220,000 at  $3\frac{3}{4}$  per cent., £3,427,333 at  $3\frac{1}{2}$  per cent., and £5,030,991 at 3 per cent.

## EXPENDITURE FROM LOANS.

In addition to the ordinary expenditure from revenue, certain sums are annually disbursed for various purposes from amounts raised by means of loans. The following table shows the details of such expenditure in each of the last five years:—

LOAN EXPENDITURE: RETURN FOR FIVE YEARS.  
(Including Loan in aid of Revenue, Act 1451.)

Works.	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
	£	£	£	£	£
Railways .. ..	483,325	371,330	258,090	171,837	77,968
Water Supply .. ..	88,902	115,405	118,392	142,183	81,634
Defences .. ..	11,889	..	..	..	..
Schools and University ..	34,715	12,116	558	101	..
Agriculture .. ..	20,825	7,383	608	136	47
Closer Settlement, Purchase of Estates .. ..	55,462	1,189	3,666	754	754,983
Bush Fires—Advances to Farmers .. ..	332	..	..	..	..
Loans to Farmers—Purchase of Seed and Fodder .. ..	..	82,059	11,067	..	..
Mining Development .. ..	39,287	33,231	7,518	552	83
Assistance to Municipalities—For Roads, &c. .. ..	47,104	44,770	17,267	14,945	1,919
For Drainage Works .. ..	23,504	8,951	249	..	..
Accommodation for Federal Parliament .. ..	17,132	226	..	..	..
Other Public Works .. ..	88,356	79,744	29,829	42,683	16,332
Total .. ..	910,833	756,404	447,244	373,191	932,966
Per Head of Population	s. d. 15 1	s. d. 12 6	s. d. 7 5	s. d. 6 2	s. d. 15 4

NOTE.—Figures revised since previous issue.

The loan expenditure of the State has for years past been upon a very much smaller scale than formerly, as the following particulars show:—

Average amount of loan expenditure per annum for the—		
10 years ended 30th June, 1895	...	£1,890,813
5 years ended 30th June, 1900	...	587,241
6 years ended 30th June, 1906	...	730,338

## PURPOSES FOR WHICH LOANS WERE RAISED.

The aggregate amount of the loans raised to 30th June, 1906, exclusive of temporary Treasury bonds in aid of revenue, but inclusive of Melbourne and Hobson's Bay Railway Debentures taken over, was £81,257,705; but a total of £28,352,905 (exclusive of conversion loans) having been repaid, viz., £2,504,662 out of the general revenue, and £25,848,243 out of the proceeds of redemption loans, the balance on 30th June, 1906, was reduced to £52,904,800. The purposes for which the amount outstanding was borrowed and the annual interest payable thereon are as follow:—

## PURPOSES FOR WHICH LOANS WERE RAISED.

Public Borrowings Contracted for—	Amount of Loans Outstanding on 30th June, 1906.	Annual Interest Payable.
<b>REVENUE-YIELDING WORKS.</b>		
	£	£
Railways and Tramways ... ..	39,676,724	1,453,979
Waterworks—Melbourne ... ..	1,848,863	67,439
Country ... ..	5,974,362	208,997
Harbors ... ..	190,000	7,600
Graving Dock ... ..	329,121	11,163
Agriculture and Advances to Farmers, &c. ...	170,278	5,367
Purchase of Land for Closer Settlement ...	942,088	34,093
Development of Mining ... ..	133,120	4,138
Total Revenue Yielding Works... ..	49,264,356	1,792,776
<b>OTHER WORKS OF A PERMANENT CHARACTER.</b>		
Public Offices, Law Courts, and Parliament Houses	670,248	23,840
Defence Works ... ..	151,469	5,044
State Schools, Technical Schools, and University	1,259,866	41,918
Other ... ..	1,009,692	32,719
Total other Permanent Works ... ..	3,091,275	103,521
Redemption of loan falling due in 1907 ...	542,564	18,990
Not allocated ... ..	6,605	212
Net Borrowings ... ..	52,904,800	1,915,499

Out of the proceeds of these loans outstanding on the 30th June, 1906, sums not yet expended amount in the aggregate to £92,140, of which £47,343 is for railways, and £35,675 for country water supply, £2,525 for different other services, and £6,597 not yet allocated. Of the total loans outstanding, 93 per cent. has been expended on revenue-yielding works, as detailed above.

## LOANS REDEEMABLE.

The total amount of loans outstanding on 30th June, 1906, exclusive of debentures for £1,000 overdue since 1897, and of Treasury bonds in aid of revenue, was £52,903,800, and of this

sum £4,552,844 were in the form of debentures; £42,123,481 of inscribed stock (London Register); £3,435,911 of stock (Melbourne Register); and £2,791,564 in the form of Treasury bonds. The following are the dates on which these loans are repayable, those repayable in Melbourne and London being indicated—

TOTAL LOANS OUTSTANDING, 30TH JUNE, 1906, AND DATES  
WHEN REPAYABLE.

Under Act No.	When Repayable.	Rate of Interest per cent.	Amount Repayable.		
			In Melbourne.	In London.	Total.
<i>Debentures.</i>					
			£	£	£
1296	1st April, 1913-23 ...	4	746,795	...	746,795
1440	" 1912-22 ...	3	63,000	...	63,000
1659	1st July, 1921-30 ...	3	997,400	...	997,400
1753	1st Jan., 1923-32 ...	3	349,800	...	349,800
1816	1st July, 1907-8 ...	3½	48,869	...	48,869
1901	1st Jan., 1934-54 ...	3	457,000	...	457,000
1962	2nd April 1926, to 29th Nov., 1940 ...	3½	28,900	...	28,900
	29th Nov., 1925-40 ...	3¾	60,000	...	60,000
	27th Feb., 1926, to 29th Nov., 1940 ...	3¾	160,000	...	160,000
	14th March, 1936 ...	4	300,000	...	300,000
1990	1st April, 1926-41 ...	3½	285,880	...	285,880
<i>Inscribed Stock (London).</i>					
717	1st July, 1907 ...	4	...	4,000,000	4,000,000*
739	1st April, 1908 ...	4	...	2,000,000	2,000,000*
760	1st Oct., 1913 ...	4	...	4,000,000	4,000,000*
805	" 1919 ...	4	...	4,000,000	4,000,000
845	" 1920 ...	4	...	6,000,000	6,000,000
989	" 1923 ...	3½	...	7,000,000	7,000,000
1032					
1196	1st Jan., 1921-26 ...	3½	...	5,000,000	5,000,000
1217					
1287	" 1911-26 ...	4	...	2,107,000	2,107,000
1560	" 1929-49 ...	3	...	4,459,713	4,459,713
1562	" 1929-49 ...	3½	...	3,611,968	3,611,968
		3	...	1,000,000	1,000,000
<i>Stock (Melbourne).</i>					
1468	29th Sept, 1917 or after	3	2,966,879	...	2,966,879
1564					
1623					
1602					
1749	" "	3	186,188	...	186,188
1962	" "	3½	207,000	...	207,000
1990	" "	3½	65,120	...	65,120
1659	1st July, 1921-30 ...	3	2,566	...	2,566
1753	1st Jan., 1923-32 ...	3	3,158	...	3,158
1560	" 1929-49 ...	3	5,000	...	5,000

\* Debentures convertible into inscribed stock at option of holder. The amount so converted to 30th June, 1906, was £3,944,800.

TOTAL LOANS OUTSTANDING 30TH JUNE, 1906, AND DATES  
WHEN REPAYABLE—*continued.*

Under Act No.	When Repayable.	Rate of Interest per cent.	Amount Repayable.		
			In Melbourne.	In London.	Total.
	<i>Treasury Bonds.</i>		£	£	£
1800 {	1st October, 1907 ...	3½	1,000,000	...	1,000,000
1982 {	1st July, 1915 ...	3½	542,564	...	542,564
	„ 1916 ...	3½	1,249,000	...	1,249,000
	<i>Melbourne and Hobson's Bay Railway Debentures.</i>				
617	(Overdue since 1897) ...	...	1,000	...	1,000
	Total ...	...	9,726,119	43,178,681	52,904,800
	<i>Treasury Bonds in aid of Revenue.</i>				
1451	1st Jan., 1907-13 ..	3¼	175,000	...	175,000
	Total (including loans in aid of Revenue)...	...	9,901,119	43,178,681	53,079,800

With regard to the loan of £4,000,000 falling due in London on 1st July, 1907, arrangements have been made for meeting the loan upon maturity, and by far the greater part of the debt will be transferred to Melbourne.

In connexion with the replacing of London loans as they fall due by local issues, and the practice of late years of borrowing money in the State instead of going to London for it, the following particulars are of interest:—

PUBLIC DEBT AND INTEREST PAYABLE THEREON IN LONDON AND  
MELBOURNE, 30TH JUNE, 1900 AND 1906.

(Including Treasury Bonds in aid of Revenue.)

On 30th June	Amount of Loans Payable in—		Annual Interest Payable in—	
	London.	Melbourne.	London.	Melbourne.
	£	£	£	£
1900	44,655,579	4,669,306	1,735,307	152,046
1906	43,178,681	9,901,119	1,594,490	326,696

An important point in relation to the London loans is that certain expenses occur each year in connexion with them which are not common to local loans. In the last financial year the amount was £12,272, and this sum was small compared with that of recent previous years, viz.:—£17,203 in 1902-3, £25,402 in 1903-4, and £15,297 in 1904-5. The details for 1905-6 are as follow:—

	£
To contracting banks, commission upon coupons ... ..	304
To London and Westminster Bank, commission for inscribing stock and paying interest thereon ... ..	10,513
Premiums on remittances ... ..	500
Stamps, advertising, &c. ... ..	955
Total ... ..	£12,272

The average rate of interest on the outstanding loans of the State is substantially less than it was a few years ago, and the following table, comparing the figures in 1900 (the year before Federation) with those in 1906, illustrates this fact.

AMOUNT OF OUTSTANDING LOANS AT EACH RATE OF INTEREST,  
1900 AND 1906.

(Including Treasury Bonds in aid of Revenue.)

Rates of Interest.	Nominal amount outstanding on 30th June—	
	1900.	1906.
	£	£
4½ ... ..	5,000,000	...
4 ... ..	27,060,795	23,153,7 5
3½ ... ..	...	220,000
3½ ... ..	12,250,000	19,039,301
3¼ ... ..	300,000	175,000
3 ... ..	4,714,090	10,490,704
Overdue (not bearing interest) ... ..	...	1,000
Total ... ..	49,324,885	53,079,800

The difference between the interest in 1900 and in 1906 represents a saving of nearly £110,000 on the debt of £53,079,800 at 30th June, 1906.

LOANS AUTHORIZED BUT NOT RAISED.

The loans authorized, but not raised, on the 30th June, 1906, amounted to £1,809,898, which sum now represents the unfloated balance of loans authorized in 1896, 1898, 1899, 1901, 1903, 1904,



and 1905. The following return gives the particulars of these loans:—

LOANS AUTHORIZED BUT NOT RAISED, 30TH JUNE, 1906.

Under Loan Act No.—	Total.		
	Authorized.	Raised to 30th June, 1906.	Balance not raised.
	£	£	£
1440 ... ..	100,000	63,000	37,000
1552 ... ..	1,116,608	17,304	1,099,304
1623 ... ..	500,000	384,452	115,548
1753 ... ..	500,000	393,000	107,000
1816 ... ..	100,000	93,869	6,131
1962 ... ..	1,000,000	755,900	244,100
1990 ... ..	551,815	351,000	200,815
Total ... ..	3,868,423	2,058,525	1,809,898

The rate of interest on the amount to be raised is 3 per cent. on £1,358,852, and 3½ per cent. on £451,046.

GROWTH OF FUNDED DEBT.

The following return shows the growth of the funded debt and interest since the date of the establishment of responsible government in 1855. The average rate of interest payable on the indebtedness has steadily declined from 6 per cent. in 1855 to 3.62 in 1906. In relation to population, however, the amount per head has substantially increased from 1855 to 1900, but since the latter year there has been no material alteration.

Growth of  
Funded  
Debt in  
Victoria.

GROWTH OF FUNDED DEBT AND INTEREST IN VICTORIA,  
1855 TO 1906.

End of Financial Year in—	Loans Outstanding.			Amount per head of population.	
	Amount.	Annual Interest Payable.		Debt.	Annual Interest.
		Total.	Average rate per cent.		
	£	£		£ s. d.	£ s. d.
1855	480,000	28,800	6.00	1 6 4	0 1 7
1860	5,118,100	306,405	5.99	9 10 4	0 11 5
1870	11,924,800	688,740	5.78	16 8 3	0 19 0
1880	20,056,600	1,004,436	5.01	23 11 9	1 3 7
1890	41,377,693	1,649,465	3.99	36 19 11	1 9 6
1900	48,774,885	1,867,604	3.83	40 17 4	1 11 3
1901	49,546,275	1,861,547	3.76	41 3 0	1 11 0
1902	50,408,957	1,887,877	3.74	41 15 5	1 11 4
1903	51,097,900	1,904,514	3.73	42 5 11	1 11 6
1904	51,519,962	1,876,011	3.64	42 13 4	1 11 1
1905	51,513,767	1,875,249	3.64	42 9 8	1 10 11
1906	52,904,800	1,915,499	3.62	43 2 3	1 11 3

Including money borrowed for temporary purposes (£175,000—Act 1451) in aid of revenue, the total amount of loans outstanding on the 30th June, 1906, was £53,079,800, upon which the amount of interest and expenses (paid in 1905-6) was £1,919,869, or an average of 3.62 per cent. on the total debt. The amount of interest and expenses paid was fully earned by £48,903,689, the amount of such interest and expenses being £1,768,821. There were also at 30th June, 1906, £395,447 at the credit of Redemption Funds and £542,564 of loan moneys available for the redemption of a loan falling due on 1st July, 1907, so that the net burden of the Public Debt at the close of the financial year was only £3,238,100, the interest on which is less than 2s. per head of the population. Over £3,000,000 of this amount have been spent on public works of a permanent character, including defences, State schools, public offices, &c.

#### SINKING FUNDS.

Sinking  
Funds of  
Australian  
States.

On 30th June, 1906, the sinking funds in Australia were as follow:—

#### SINKING FUNDS IN AUSTRALIAN STATES, 30TH JUNE, 1906.

State.	Sinking Funds in Connexion with—	
	State Funded Debts.	Municipal and Other Debts.*
	£	£
Victoria .. .. .	395,447	705,962
New South Wales .. .. .	556,484	169,444
Queensland .. .. .	..	..
South Australia .. .. .	251,349	..
Western Australia .. .. .	1,320,603	94,898
Tasmania .. .. .	236,297	102,133
Total .. .. .	2,760,180	1,072,437

\* Figures for 1905, except Tasmania, 1903.

The following table shows for Victoria the various funds having balances to their credit on 30th June, 1906, and in addition, £542,564 out of loan under Act No. 1982 is held to meet loans falling due in 1907:—

	Balance at Credit.
Mallee Land Account ... .. .	£63,052
Closer Settlement Fund ... .. .	1,777
Victorian Loans Redemption Fund ... .. .	127,467
Victorian Government Consolidated Inscribed Stock Redemption Fund ... .. .	188,453
Municipalities Contribution—Prince's Bridge ... .. .	14,698
Total ... .. .	£395,447

Mallee Land  
Account.

By Act No. 1428 of 1896, the moneys accruing from licensing, leasing, or selling of land in the Mallee country, or Mallee border, are to be paid into the Treasury and placed to the credit of a separate

account, to be called the "Mallee Land Account." The sums standing at credit to this account are available solely for the repurchase, redemption, or paying off of any Victorian stock or debentures.

By Act No. 1749 of 1901, it was provided that all moneys received by the Board of Land and Works, from lessees or purchasers of farm allotments, or purchasers of any land acquired by the Board, pursuant to the general provisions of the Act, should be paid into the Treasury, and placed to the credit of a separate account, to be called "The Farm Settlements Fund," which fund should be applied principally to the redemption of stock and debentures issued for Closer Settlement purposes, and the payment of interest thereon. Under the *Closer Settlement Act* of 1904, this fund was transferred to the Board appointed to administer that Act, and is now called the "Closer Settlement Fund."

Closer  
Settlement  
Fund.

By Act No. 1561 of 1898, it was enacted that a "Victorian Government Consolidated Inscribed Stock Redemption Fund" should be kept in the Treasury, and should be applied in purchasing or repurchasing, and ultimately in redeeming consolidated stock—that is, stock on the London Register—and in paying expenses and costs of such purchase or redemption. The fund is made up of money derived from special appropriations from revenue, from repayments by Water Trusts, and from the Mallee Land Account, &c. Transactions in this fund to the 30th June, 1906, are as follow:—

Consoli-  
dated  
Inscribed  
Stock Re-  
demption  
Fund.

THE VICTORIAN GOVERNMENT CONSOLIDATED INSCRIBED STOCK  
REDEMPTION FUND, 30TH JUNE, 1906.

Transactions.					To 30th June, 1906.
RECEIPTS.					£
From Waterworks Trusts	...	...	...	...	147,260
" Mallee Land Account	...	...	...	...	112,000
" Revenue	...	...	...	...	105,111
" Miscellaneous	...	...	...	...	66,993
Total receipts	...	...	...	...	431,364
EXPENDITURE.					
Purchase of stock	...	...	...	...	242,212
Commission, &c.	...	...	...	...	699
Total expenditure	...	...	...	...	242,911
Balance in the Fund	...	...	...	...	188,453
Amount of Stock repurchased and cancelled	...	...	...	...	259,303

The miscellaneous receipts include £62,827, surplus after redemption of loans, Acts 531 and 608.

By Act No. 1565 of 1898, it was enacted that a "Victorian Loans Redemption Fund" should be kept in the Treasury, and should be available for the purchase, repurchase, or redemption of any Victorian Government 3 per cent. stock and debentures payable at Melbourne, and in paying the expenses, costs, &c., incurred. This fund

Loans Re-  
demption  
Fund.

is derived from special appropriations from revenue, repayments on account of resumption of land in the Mallee district, and sundry loans made by the Government to municipalities, &c. Transactions in this fund to 30th June, 1906, are as follow:—

THE VICTORIAN LOANS REDEMPTION FUND, 30TH JUNE, 1906.

Transactions.					To 30th June, 1906.
RECEIPTS.					£
From Revenue	...	...	...	...	324,787
Resumption of land in Mallee Districts	...	...	...	...	5,575
Valuation of improvements	...	...	...	...	456
Payments by Municipalities	...	...	...	...	2,275
Repayment of Loans—					
Bush fires relief	...	...	...	...	18,419
Floods relief	...	...	...	...	1,150
Seed advances	...	...	...	...	74,940
New pilot steamer	...	...	...	...	2,918
Yarrowee Channel	...	...	...	...	1,768
Total receipts	...	...	...	...	432,288
EXPENDITURE.					
Purchase of stock	...	...	...	...	304,821
Balance in the fund	...	...	...	...	127,467
Amount of stock and debentures repurchased and cancelled					310,359

DEBTS IN AUSTRALIAN STATES AND NEW ZEALAND.

Funded  
debts of  
Australian  
States and  
New Zea-  
land.

The following is a summary of the funded debts of the Australian States and New Zealand on the 30th June, 1906, the amounts per head of population, and the total and average interest payable. The amounts are exclusive of Treasury bonds or bills issued for revenue purposes:—

FUNDED DEBTS OF AUSTRALIAN STATES AND NEW ZEALAND,  
30TH JUNE, 1906.

State.	Funded Debt.			Interest Payable.	
	Amount.	Per Head of Population.		Amount.	Average Rate Per Cent.
	£	£	s. d.	£	
Victoria .. .. .	52,904,800	43	2 3	1,915,499	3.62
New South Wales .. .. .	83,827,218	55	10 10	2,996,421	3.57
Queensland .. .. .	39,068,827	73	6 7	1,447,339	3.70
South Australia .. .. .	28,749,135	75	12 10	1,077,789	3.75
Western Australia .. .. .	18,058,553	69	10 0	619,752	3.43
Tasmania .. .. .	9,582,885	53	1 0	351,895	3.67
Total .. .. .	232,191,418	56	15 6	8,408,695	3.62
New Zealand (31.3.06) .. .. .	62,191,040	69	19 1	2,331,564	3.75

South Australia and New Zealand pay the highest average rate of interest on their loans, the reason being, not that their securities are considered of less value, but that a larger proportion of their loans was raised when the rates of interest were high.

In the following statement will be found the indebtedness per head of the various States of Australia and New Zealand at the close of the last five financial years:—

GOVERNMENT FUNDED DEBTS PER HEAD OF POPULATION IN  
AUSTRALIAN STATES AND NEW ZEALAND.

—	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Victoria .. ..	41 15 5	42 5 11	42 13 4	42 9 8	43 2 3
New South Wales ..	49 10 5	53 6 1	54 2 4	54 13 4	55 10 10
Queensland .. ..	74 8 6	74 14 10	77 17 8	74 17 10	73 6 7
South Australia ..	72 14 3	73 5 11	74 3 9	73 10 9	75 12 10
Western Australia ..	71 14 6	70 7 11	68 0 7	66 10 4	69 10 0
Tasmania .. ..	52 4 1	52 3 1	51 6 4	51 18 5	53 1 0
New Zealand ..	67 0 11	68 5 4	69 2 0	69 5 3	69 19 1

The following is a statement of the total indebtedness of the Australian States in 1906:—

Debts of  
Australian  
States.

FUNDED AND UNFUNDED DEBTS OF AUSTRALIAN STATES, 1906.

State.	State Debts.		Municipal and Corporation Debts (exclusive of Loans from Government.)	Grand Total.	
	Funded.	Unfunded.		Amount.	Per Head of Population.
	£	£	£	£	£ s. d.
Victoria.. ..	52,904,800	1,860,495*	13,570,827	68,336,122	55 13 10
New South Wales	83,827,218	1,814,516	3,032,439	88,674,173	58 15 1
Queensland† ..	39,068,827	1,130,000	772,197	40,971,024	76 18 0
South Australia ..	28,749,135	1,571,036	102,261	30,422,432	80 0 11
Western Australia	18,058,553	119,900	623,414	18,801,867	72 7 3
Tasmania .. ..	9,582,885	217,746	697,133	10,497,764	58 2 4
Total ..	232,191,418	6,713,693	18,798,271	257,703,382	63 0 3

\* Treasury Bonds have been issued for £175,000 of this amount, but it has been the practice to regard it as part of the Unfunded Debt, as the money was borrowed for temporary purposes in aid of revenue, and is being paid off in yearly instalments.

† Excluding Government Savings Bank Stock, £1,065,640.

The figures, £257,703,382, include loans raised by the State Governments, municipal bodies, corporations, and trusts. The Victorian figures exclude the amount of the tramways trust loan, viz.,

£1,650,000, which is treated as a loan to a private company, for although the money has been borrowed by the trust, which is composed of representatives of municipalities, on the security of municipal property, yet the interest is paid and a sinking fund provided by the tramway company, which renders the liability of the trust merely nominal.

The figures in the table show the full public indebtedness of the Commonwealth, including State, municipal, and corporation debts, to the date at which comparison can be made. Victoria has the smallest amount per head, Tasmania the next, and South Australia the largest. There are, of course, private debts to a considerable extent and private investments by British capitalists; but there is no reliable information as to the amount of this class of indebtedness.

The State debts are those for the year ended in 1906, the municipal and corporation debts are for the year ended in 1905, figures for 1906 for other States than Victoria not being available. The complete figures for Victoria on the 30th June, 1906, appear in the following statement:—

#### STATE AND LOCAL DEBTS, 30TH JUNE, 1906.

	£	£
State Debts (Funded)—		
London Register .. .. .	43,178,681	
Melbourne Register .. .. .	9,725,119	
State Debts (Unfunded) .. .. .	1,860,495	
Overdue Debentures, late Melbourne and Hobson's Bay		
Railway—unpresented .. .. .	1,000	
 Total State Debts .. .. .		54,765,295
Municipal .. .. .	4,139,417	
Harbor Trust .. .. .	2,000,000	
Fire Brigades Board .. .. .	130,000	
Melbourne and Metropolitan Board of Works .. .. .	7,791,000	
 Total Debts of Municipalities and Corporations .. .. .		14,060,417
 Total Debts .. .. .		68,825,712

This sum (£68,825,712) is equal to a debt of £56 1s. 9d. per head of the population on 30th June, 1906.

#### DEBTS IN VARIOUS COUNTRIES.

Debts of  
various  
countries.

In order that a comparison may be instituted between the States of Australia and other countries of the world in regard to indebtedness, the following table is furnished. The highest debt per head

of population here disclosed is that of France (£27 10s. 4d.), which is about three-fifths of that of Victoria. The next highest is that of the Cape of Good Hope (£19 14s. 5d.), and then the united liability of the Transvaal and Orange River Colonies (£19 11s. 9d.), the next Great Britain (£18 5s.), with Belgium following (£17 16s. 8d.). From this amount there is a gradual diminution of indebtedness to £1 per head in British India. It must be remembered, however, that the large indebtedness of the Australian States is the result of expenditure on railways, roads, irrigation and water supply works, harbors, public and other works, required for the speedy development of an entirely new country, whilst in the older countries of the world much of this class of work is left to private enterprise.

GOVERNMENT DEBTS PER HEAD OF POPULATION IN VARIOUS COUNTRIES.

Country.	Date.	Amount per Head.
		£ s. d.
United Kingdom .. .. .	31st March, 1906 ..	18 5 0
British India .. .. .	31st March, 1905 ..	1 0 0
Canada .. .. .	30th June, 1905 ..	13 13 2
Cape of Good Hope .. .. .	1905 .. ..	19 14 5
Natal .. .. .	30th June, 1905 ..	15 15 9
Transvaal and Orange River ..	1905 .. ..	19 11 9
France .. .. .	31st December, 1904..	27 10 4
Italy .. .. .	30th June, 1905 ..	15 7 10
Austria .. .. .	1904 .. ..	14 3 9
Hungary .. .. .	1904 .. ..	11 5 1
German States .. .. .	1904-5 .. ..	10 2 7
German Empire (Imperial) ..	31st March, 1904 ..	2 14 4
Norway .. .. .	31st March, 1905 ..	7 7 4
United States of America (Federal) ..	30th June, 1905 ..	5 12 5
Russia .. .. .	1904 .. ..	5 5 10
Sweden .. .. .	1904 .. ..	4 1 1
Belgium .. .. .	1904 .. ..	17 16 8

## FINANCIAL RELATIONS OF THE COMMONWEALTH AND STATES.

Financial  
relations  
of the Com-  
monwealth  
and the  
States.

An Inter-State Conference was held in Melbourne in October, 1906, to consider the financial relations of the Commonwealth and the States. All States were represented with the exception of South Australia; but the Premier of that State forwarded a statement embodying the views of his Government upon the question.

The following is a summary of the resolutions agreed to by the Conference:—

## FINANCIAL PROBLEMS BETWEEN THE COMMONWEALTH AND THE STATES.

*Resolved*—That, before altering the Constitution so as to increase the powers of the Commonwealth in regard to the State debts, it is desirable that the Commonwealth and the States should agree to a scheme which will secure the settlement of the financial problems of the Commonwealth by providing for—

- (a) giving financial security to the States;
- (b) leaving the Commonwealth and the several States financially independent, each within its own sphere.

## THE COMMONWEALTH TREASURER'S PROPOSALS.

*Resolved*—That, during a period of ten years from the 31st December, 1910, and thereafter until the Constitution is altered, as provided by Section 128 of the Constitution, the amount to be paid by the Commonwealth to each State shall be on the following basis:—

- (1) To pay annually to each State for ten years after 31st December, 1910 (the date on which Section 87 (the Braddon clause) becomes alterable), a fixed sum equal to the average annual amount of three-fourths of the net revenue from Customs and Excise which that State has contributed during (say) the ten years preceding such 31st December, 1910 (not including the special revenue in the case of Western Australia).
- (2) If three-fourths of the total net revenue received by the Commonwealth from Customs and Excise in any year after 31st December, 1910, exceeds the aggregate amount of the annual fixed sum guaranteed to all the States, any such sum in excess to be distributed among the States *per capita*.
- (3) Provided that subject to the foregoing proposals being given effect to, the Commonwealth may impose additional Customs and Excise duties for specific purposes, and may specially appropriate and retain and "ear-mark" the whole of the revenue—
  - (a) Derived from any new items of duties on goods not at present subject to any duty, and imposed solely for specific purposes.

If any surplus remains in any year after providing for such specific purposes from the revenue derived from such special appropriations, three-fourths of such surplus to be annually returned to the States *per capita*.



- (4) Provided that if the above proposals be given legal effect to before the year 1910, the average annual amount of three-fourths of net revenue shall be ascertained and fixed on the basis of the whole period from the establishment of the Commonwealth until the end of the financial year then last past.

#### STATE DEBTS.

*Resolved*—That, subject to the adoption of previous resolutions, this Conference expresses a general approval of Sir John Forrest's scheme for the transfer of the State Debts to the Commonwealth, as set out in proposals 1, 2, 3, and 4, on page 103 of the 1906-7 Budget Papers, and that the matter stand over for consideration by a Special Conference to settle details and deal finally with the Debts question.

*Note*.—The Commonwealth Treasurer's proposals referred to in this resolution are as follow:—

The procedure and conditions of taking over the State Debts to be as follow:—

- (1) That a law be passed enabling the whole of the State Debts to be converted before maturity, or redeemed at maturity by the Commonwealth (subject in regard to debts incurred since 1st January, 1901, to the necessary amendment of the Constitution), by such successive operations as may be thought fit.
- (2) That until conversion or maturity of the State Debts, as the case may be, each State continue to pay its own annual interest and sinking fund (if any).
- (3) That on conversion or at maturity of the State Debts, as the case may be, the Commonwealth become solely liable for the annual payment of interest and sinking fund, as well as for the redemption of the stock.
- (4) That the Commonwealth deduct each year from the amount to be paid to each State the expenditure made on behalf of that State for interest and sinking fund, and if such amount is insufficient in any case, the deficiency be paid to the Commonwealth by that State.

The State Debts referred to above are those set out in the following table, which has been taken from the Commonwealth Budget Papers, 1906-7:—

#### PUBLIC DEBT OF AUSTRALIA AT 30TH JUNE, 1905.

(NOTE.—Sinking funds have not been deducted from the Debt. In the cases in which, since the date of Federation, loans have been redeemed out of the proceeds of new loans, it has been assumed that the Commonwealth may take over such portion of the new loans as realized the amount of the

redeemed loans. Treasury Bills covering Revenue Deficits are included. Revenue Deficits which are not covered by Treasury Bills and overdrafts on Loan Account are not included.)

	New South Wales.	Victoria.	Queens-land.	South Australia.	Western Australia.	Tasmania.	Total.
	£	£	£	£	£	£	£
Debt which can be taken over under the Constitution of the Commonwealth:—							
Redeemable in London .. ..	52,152,945	44,620,229	33,363,834	22,876,320	10,567,726	7,890,250	171,411,304
Redeemable in Australia .. ..	10,947,061	{ 4,983,896 4,757,704 <i>b</i> }	4,203,460	2,967,225	2,050,936	661,800	30,572,082
Total .. ..	63,100,006 <i>a</i>	{ 49,604,125 4,757,704 <i>b</i> }	37,567,294	25,843,545	12,618,662	8,492,050 <i>c</i>	201,983,386
Debt which cannot be taken over under the Constitution of the Commonwealth:—							
Redeemable in London .. ..	11,878,805	90,000	2,228,913	50,000	3,500,000	..	17,747,718
Redeemable in Australia .. ..	7,343,187	{ 2,069,641 294,002 <i>d</i> }	2,488,960	2,880,150	893,774	979,921	16,949,635
Total .. ..	19,221,992	{ 2,159,641 294,002 <i>d</i> }	4,717,873	2,930,150	4,393,774	979,921	34,697,353
Total of Public Debt ..	82,321,998	{ 51,763,766 4,757,704 <i>b</i> 294,002 <i>d</i> }	42,285,167	28,773,695	17,012,436	9,471,971	236,680,739

*a* In addition, the Commonwealth can apparently take over new loans to be raised by New South Wales for the redemption of certain loans, amounting to £1,174,100, which have been paid off since Federation, and charged to General Loan Account.

*b* Amount which may apparently be taken over by the Commonwealth being—

Amount of stock inscribed under the Victorian Municipalities

Loans Extension Act

Certificates given to the Victorian Trust Fund Trustees. (These

may be exchanged for Government Bonds, which could be sold)

£1,108,338

3,649,366

£4,757,704

*c* An additional amount of £16,022, amount of loans paid off, and for which a redemption loan is to be raised, can apparently be taken over.

*d* Certificates given to the Victorian Trust Fund Trustees, £294,002. (These may be exchanged for Government Bonds, which could be sold.)

The interest payable on the above is as follows:—

On £201,983,386 (debt which can be taken over) ..	£7,282,005
34,697,353 (debt which cannot be taken over) ..	1,206,664
£236,680,739 (total debt) .. .. .	£8,488,669

In connexion with this subject the following extract from a paper presented to the Parliament of the Commonwealth of Australia on 20th September, 1906, is of interest:—

#### STATE PUBLIC DEBTS.

Statement showing amount of saving to the year 1952 (when the whole of the existing Public Debts will have matured), assuming that the Commonwealth can float loans at  $\frac{1}{4}$  per cent. less interest per annum than the States, and that the annual saving of such  $\frac{1}{4}$  per cent. be accumulated, at 3 per cent. per annum compound interest.

The total of such saving so accumulated from the several dates of maturity of existing loans up to 1952 would amount to—

					£
New South Wales ... ..	...	...	...	...	9,419,823
Victoria ... ..	...	...	...	...	6,106,725
Queensland ... ..	...	...	...	...	4,365,320
South Australia ... ..	...	...	...	...	3,572,993
Western Australia ... ..	...	...	...	...	1,966,940
Tasmania ... ..	...	...	...	...	1,335,472
Total ... ..	...	...	...	...	<u>£26,767,273</u>

### COMMONWEALTH, STATE, AND LOCAL TAXATION.

In the following table will be found a statement showing for the years 1901-2 to 1905-6 the amount of revenue collected under the various heads of taxation by the Commonwealth, the State, and the Local bodies:—

### COMMONWEALTH, STATE, AND LOCAL TAXATION: RETURN FOR FIVE YEARS.

Heads of Taxation.	Amount Received.				
	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
<b>Federal—</b>	£	£	£	£	£
Customs Duties... ..	1,976,245	2,096,318	2,040,128	1,907,065	1,950,713
Excise Duties ... ..	400,280	402,696	403,377	581,780	586,357
<b>Total Federal Taxation</b>	<b>2,376,525</b>	<b>2,499,014</b>	<b>2,443,505</b>	<b>2,488,843</b>	<b>2,537,070</b>
<b>State—</b>					
Wharfage Rates ... ..	41,760	43,976	45,216	50,213	52,771
Ports and Harbors ... ..	28,298	27,616	28,756	30,946	32,355
Business Licences ... ..	16,914	16,969	17,852	17,521	17,813
Probate & Succession Duties	217,796	161,636	308,531	265,876	328,628

COMMONWEALTH, STATE, AND LOCAL TAXATION: RETURN FOR  
FIVE YEARS—*continued*.

Heads of Taxation.	Amount Received.				
	1901-2.	1902-3.	1903-4.	1904-5.	1905-6.
State— <i>continued</i> .	£	£	£	£	£
Duties on Bank Notes ...	19,041	18,434	18,440	16,444	17,352
Land Tax ...	97,862	92,867	106,445	97,840	103,536
Income Tax ...	220,629	415,048	311,147	316,943	318,135
Stamp Duty ...	175,974	173,637	175,732	183,246	205,345
Total State Taxation ...	818,274	950,183	1,012,119	979,029	1,075,935
Municipal Taxation ...	964,240	940,351	981,412	986,009	1,015,841
Melbourne Harbor Trust Taxation ...	140,258	164,611	162,105	167,727	188,337
Total Taxation ...	4,299,297	4,554,159	4,599,141	4,621,608	4,817,183

In the return following will be found, for the purpose of comparison, particulars of taxation by Government and by local bodies throughout the States of Australia and in the United Kingdom:—

TAXATION BY GOVERNMENT AND LOCAL BODIES IN THE STATES OF  
AUSTRALIA AND THE UNITED KINGDOM.

—				Total Amount of Taxation.	Rate per Head of Population.
				£	£ s. d.
Victoria .. ..	..	..	..	4,766,741	3 18 3
New South Wales .. ..	..	..	..	5,154,160	3 9 1
Queensland .. ..	..	..	..	2,053,814	3 17 9
South Australia .. ..	..	..	..	1,234,032	3 5 3
Western Australia .. ..	..	..	..	1,432,905	5 12 6
Tasmania .. ..	..	..	..	636,301	3 10 3
Total .. ..	..	..	..	15,277,953	3 15 5
United Kingdom .. ..	..	..	..	190,918,000	4 7 11

In these figures the Commonwealth and the State taxation have been taken for the year 1905-6, and the Local taxation for the year 1904-5, and it appears that the total taxation for Australia is £15,277,953, or an average of £3 15s. 5d. per head per annum. The lowest rate, £3 5s. 3d. per head, prevails in South Australia; New South Wales is next with £3 9s. 1d.; then follow Tasmania,

Queensland, Victoria, and Western Australia, with £3 ros. 3d., £3 17s. 9d., £3 18s. 3d., and £5 12s. 6d. respectively. In United Kingdom, the taxation is 12s. 6d. per head above the average of Australia, and is higher than any of the Australian States except Western Australia.

## LICENCES.

The following is a statement showing, as far as practicable, the number of licences issued for various purposes in 1906, and the amount of annual and temporary fees, under each head, collected during the year. Municipal licences for slaughtering, dairies, noxious trades, the carriage of passengers and goods, &c., are not shown.

## LICENCES—NUMBER AND REVENUE, 1906.

Description of Licence.	Number of Licences Granted.			Amount of Fees Collected.					
	Annual.	Temporary.	Total.	Annual.		Temporary.		Total.	
				£	s. d.	£	s. d.	£	s. d.
<i>Excise.</i>									
The Distilling of Spirits—									
General ..	5	..	5	250	0 0	..	..	250	0 0
Wine ..	5	..	5	125	0 0	..	..	125	0 0
Vignerons ..	38	..	38	190	0 0	..	..	190	0 0
Test Still ..	42	..	42	4	2 11	..	..	4	2 11
The Manufacture of Tobacco, Cigars, Cigarettes, and Snuff	59	..	59	1,010	7 11	..	..	1,010	7 11
The making of Beer	41	..	41	1,025	0 0	..	..	1,025	0 0
Sugar Refining ..	1	..	1	5	0 0	..	..	5	0 0
Starch Manufacturing	3	..	3	15	0 0	..	..	15	0 0
<i>Licensing.</i>									
Victuallers ..	3,514	827	4,341	79,015	0 0	1,654	0 0	80,669	0 0
Packet ..	14	..	14	280	0 0	..	..	280	0 0
Grocers ..	312	..	312	3,120	0 0	..	..	3,120	0 0
Colonial Wine ..	322	..	322	1,610	0 0	..	..	1,610	0 0
Railway Refreshment Rooms ..	30	..	30	750	0 0	..	..	750	0 0
Billiard Tables ..	83	..	83	520	0 0	..	..	520	0 0
Spirit Merchants, &c.	442	..	442	11,020	17 2	..	..	11,020	17 2
Brewers ..	39	..	39	975	0 0	..	..	975	0 0
Auctioneers—General	517	158	675	13,052	2 3	158	0 0	13,210	2 3
Gold-buyers	359	..	359	171	11 11	..	..	171	11 11
<i>Customs.</i>									
Carriage ..	791	20	811	197	15 0	2	10 0	200	5 0
Lighter and Boat ..	63	..	63	15	15 0	..	..	15	15 0
Custom House Agents	57	7	64	285	0 0	17	10 0	302	10 0
Bond ..	37	3	40	3,919	2 6	102	10 0	4,021	12 6

LICENCES—NUMBER AND REVENUE, 1906—*continued.*

Description of Licence.	Number of Licences Granted.			Amount of Fees Collected.					
	Annual.	Temporary.	Total.	Annual.		Temporary.		Total.	
				£	s. d.	£	s. d.	£	s. d.
<i>Explosives.</i>									
Importation ..	143	..	143	424	10 0	..		424	10 0
Manufacture of Rack- arock ..	13	..	13	3	5 0	..		3	5 0
Manufacture of other Explosives ..	8	..	8	10	10 0	..		10	10 0
Magazine ..	210	..	210	152	10 0	..		152	10 0
Fireworks, Sale of ..	747	..	747	37	7 0	..		37	7 0
Other than Fire- works, Sale of ..	1,353	..	1,353	338	5 0	..		338	5 0

NOTE.—In addition to the above there are other licences, particulars of which cannot be obtained for the calendar year 1906, but the fees collected during the financial year 1905-6 are as follow:—

Description of Licence.	Amount of Fees Collected.		
	£	s.	d.
Insurance ..	12,162	0	0
Business (on the Gold-fields) ..	98	15	0
Sale of Tobacco, &c. ..	1,455	12	1
Servants' Registry Office ..	106	15	0
Pawnbrokers ..	1,020	0	0
Hawkers ..	1,477	16	8
Carriers ..	63	1	0
Stage Carriage ..	184	10	0
Marine Store ..	147	0	0
Forwarding Agents ..	160	0	0
Permits to Fish, &c. ..	12	15	0